

Who won the  
Falklands peace?

Ten years after Mrs Thatcher launched a modern Armada, Jimmy Burns, who covered the war from Argentina, discovers what the defeated foe thinks of the anniversary. Page 1

## Essex man lived here

"Wanna bargain? Lovely houses close to London going cheap!" ..... Page XII

## How the Taj was Trumped

Steve Wynn took on Donald Trump in a billion-dollar game of casinos, and won ..... Page XI

EUROPE'S BUSINESS NEWSPAPER

## FINANCIAL TIMES

Newspaper of the Year

Weekend March 21/March 22 1992

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## WORLD NEWS

Iraq tells UN  
it will destroy  
Scud missile  
equipment

Iraq agreed to destroy manufacturing equipment related to its Scud missile programme in an effort to defuse the threat of military action from the United Nations.

Rolph Ekeus, director of the UN commission charged with eliminating Iraq's weapons of mass destruction, said the move showed a new willingness in Baghdad to comply with UN demands. Page 24

Apology for  
duchess

Queen's press secretary Charles Anson apologised to the Duchess of York and the Queen for critical remarks he made on Thursday about the duchess's suitability for public and royal life.

Palace sources made it clear there was no need for Mr Anson, who was previously in charge of group public relations for merchant bankers Kleinwort Benson, to resign. Page 4

## BCCI man in court

Imran Mohammed Ahmad, former Bank of Credit and Commerce International account manager, will appear at the City of London magistrates court today charged with two offences of conspiracy involving \$179.4m (£103.8m). Page 4

## Referendum appeal

President Boris Yeltsin appealed to residents of the autonomous republic of Tatarstan to vote "no" in a referendum today on independence from the Russian Federation, saying the poll could unleash violence. Page 2

## Troops kill Palestinian

Israeli soldiers shot dead a Palestinian and imposed curfews in the worst unrest to sweep the occupied West Bank and Gaza Strip this year. Youth-stoned troops and paramilitary police set up roadblocks of burning tyres.

## Libya offers Pan Am pact

Libya was reported to be ready "in principle" to hand over to the United Nations two men accused of the bombing of a Pan Am aircraft over Lockerbie in Scotland. Page 3

## China 'a socialist rock'

Premier Li Peng said faster and deeper economic reform would ensure China as a socialist "rock in the east" and warned that neither political change nor unrest would be tolerated. Page 3

## Kenya bans rallies

Kenya banned political rallies in an effort to curb tribal fighting in which more than 70 people have died this year. Page 3

## Open skies pact

Nato allies and former Soviet bloc countries agreed in Vienna to allow unarmed surveillance aircraft to fly over each other's territory. Page 2

## Foes unite to sell arms

The Serb-controlled Yugoslav army and the republic of Croatia, until recently at each other's throats, have joined forces to produce weapons for export. Page 2

## Picasso stolen

An early Picasso oil painting, Child with a Doll, was stolen from a museum at Grenoble in the French Alps. Page 2

## FT No. 31,715

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## MARKETS

## STERLING

New York lunchtime \$1.8725

London: \$1.7055 (1.7115)

DM12.85 (12.8575)

FF10.7325 (8.705)

SF2.5025 (2.5025)

Y228.75 (228.0)

£ index 89.8 (same)

## BUSINESS SUMMARY

Maxwell's  
widow helps  
foot son's  
legal bills

Elizabeth Maxwell, widow of the late Robert Maxwell, who last month described himself as "deserted", is the benefactor helping to pay her son Kevin's legal bills.

Her identity was disclosed in the Appeal Court where provisional liquidators of Bishopsgate Investment Management tried to have her made liable, with Kevin, for BIM's legal costs. Page 24

## Election week 1

FT-SE 100 index

2,450

2,400

2,350

2,300

2,250

2,200

2,150

2,100

2,050

2,000

1,950

1,900

1,850

1,800

1,750

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1,650

1,600

1,550

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1,200

1,150

1,100

1,050

1,000

950

900

850

800

750

700

650

600

550

500

450

400

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300

250

200

150

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50

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-150

-200

-250

-300

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-450

-500

-550

-600

-650

-700

-750

-800

-850

-900

-950

-1,000

Olympia &  
York banks  
to meet  
over debts

By Bernard Simon in Toronto and Richard Waters and Vanessa Houlder in London

BANKERS to Olympia & York, the world's biggest property developer, are preparing for talks to consider the secretive group's debts estimated to be at least \$510m (£250m).

Banks from around the world are expected to be called to a meeting within weeks to seek a way to support the transatlantic property group built up by the Canadian Reichmann brothers.

O&Y, whose flagship developments include the World Financial Centre in New York and Canary Wharf in London, has seen its income squeezed by the continuing recession in North America and Britain.

Falling property values have made banks increasingly nervous. The group's debts are a closely guarded secret but Canadian real estate analysts estimate its debt at between \$510m and \$520m.

A decision to call the meeting lies with the group's main bankers, Canadian Imperial Bank of Commerce (CIBC) and Citibank of the US. Others are expected to formalise an invitation to attend.

Mr Paul Reichmann, O&Y's president, is a director of CIBC, but the bank declined yesterday to comment on any aspect of its business dealings with O&Y.

O&Y spokesman said: "There are ongoing discussions with individual banks." He said no meeting had taken place or been scheduled but would not comment further.

Any restructuring of O&Y's debt by the group's bankers would amount to one of the largest financial operations of its kind in recent years.

A comparable operation was the US\$80m debt restructuring of Mr Rupert Murdoch's media empire in early 1991.

One banker said of the group's cash squeeze: "It has been taking a lot of money at a time when the businesses are not generating cash. Also, there's no new money to pay today's bills."

He added that bankers are not content to rely only on the group's various properties as securities for their loans. "It's fine to own a piece of real estate, but it's not cash," O&Y is already understood to have arranged a loan with a number of its bankers to replace two short-term financing arrangements totalling \$480m.

The company has already refinanced about \$380m, and is now in talks with the banks to replace the rest with more stable, longer-term loans.

O&Y's problems are due in large part to the resources it has been forced to devote to the \$1.3bn Canary Wharf project in the London docks, Europe's largest office project.

The company was successful at signing up tenants before the completion of the first phase of 4.4m sq ft but, in the past 18 months, as the recession in the UK has deepened, the rate of lettings has slowed sharply.

Forty per cent of the existing space is under let.

A further 6m sq ft are due to be completed by 1997 although it is unclear whether the whole project will be finished.

This week the company withdrew a \$215m financing package to attract private investors into Canary Wharf.

The company is also under pressure in North America, where it is fighting to keep some of its tenants in cities which have sharply increased vacancy rates.

Mr Perot, who sold his EDS computer services empire to General Motors for \$2.5bn (£1.44bn) in 1984 and owns a large slice of his native Texas, is one of the wealthiest men in the US. He could easily finance a presidential bid out of petty cash.

This week he virtually launched his campaign with a speech on what he sees as wrong with the US government. Scores of volunteers are

busily gathering signatures to get his name on the ballot in all 50 states - a condition Mr Perot has imposed before formally declaring his candidacy.

Mr Perot's appeal is largely based on his well-burnished image as a rare combination of boy scout and business leader, on the assumption that he could do for the US what he did for EDS.

However, to the average voter, his best-known achievement is the rescue of two EDS employees from an Iranian jail - an episode glorified in "Wings of Eagles", by Ken Follet, the British novelist.

As a candidate, he would combine this reputation for derring-do with an intriguing blend of political standpoints.

There would be a little of Mr Clinton's call for sacrifices to

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Cheers and jeers: Margaret Thatcher in London where poll tax demonstrators mixed with the party faithful

Life group  
suspends  
agents for  
retraining

By Norma Cohen, Investments Correspondent

WINDSOR LIFE, a UK life insurance company, has "voluntarily suspended" its 350 sales agents after a compliance review by Lauto, the industry's self-regulatory body.

A spokesman for Windsor Life, based in Telford, Shropshire, said the agents had been suspended on March 19. They would not be allowed to write new business until they had been retrained and adequate testing procedures had been put in place.

"It is a request, not a disciplinary proceeding," he said. The spokesman acknowledged, however, that if sales had not ceased, the regulator was likely to have taken action.

"The issue is about weakness in compliance," the spokesman said. It is not clear how long the suspension would last. The company wants to make sure they get it right," he said. It may be weeks before the sales force will be allowed to seek new business.

Lauto declined to comment on its talks with Windsor Life, which is wholly owned by New York Life, US's fourth largest insurance company. It is believed, however, to have conducted a regularly scheduled compliance review in December and discovered that sales agents did not know enough about the design or cost of their own products, among other things.

Failure to train sales agents properly goes to the heart of regulators' concerns about what is known as mis-selling: inducing consumers to purchase insurance policies which are inappropriate for their needs. Such policies are too frequently cancelled in the first few years of their life, causing consumers to lose a large portion of premiums paid.

Sales agents who do not know enough about each client's circumstances or the costs and features of the products they recommend cannot meet regulatory requirements to offer "best advice" and are likely to mis-sell.

Lauto has only twice before sought a voluntary cessation of sales by a life insurance company and only once, just over a month ago, suspended a life insurance company's sales. Continued on Page 24

Major spearheads Tory  
drive to regain initiative

By Ivo Dawney, Alison Smith and Emma Tucker

A BLITZ of personal appearances by the prime minister signalled the start yesterday of an all-out Conservative drive to regain the initiative after a week that saw Labour take the offensive in the UK general election campaign.

Labour seized on yesterday's unchanged inflation rate of 4.1 per cent to renew its charge that the government is doing nothing to promote recovery. Meanwhile, Mr John Major led an onslaught on Labour's shadow budget.

His combative language displayed a fresh aggression that contrasted markedly with his affable and conciliatory prime ministerial image.

In a speech last night in his Huntingdon constituency, he referred to a hardline socialism "brewing and bubbling" under the surface in a party offering a "dismal, destructive and divisive vision of Britain".

Mr Neil Kinnock, speaking on a campaign tour of Cardiff, described the inflation figures as "a very grave disappointment" for the government which was "suppressing inflation

End to discounting causes inflation to stick, Page 4

Election 92, Pages 6-7

The judgments of conviction, Page 9

Your money or your vote, Weekend, Page 11

Editorial Comment, Page 8

The notice went up on the Palace railings just before lunch. The stock market and the Conservative party are discussing a separation...

For most of their years together, the couple seemed ideally suited.

Both formed part of a boisterous 1980s crowd, fond of talking loudly into mobile phones in restaurants.

Peter Martin, Weekend, Page 11

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## INTERNATIONAL NEWS

## Bundesbank power shift a step closer

By Quentin Peel in Bonn

A RESTRUCTURING of the German Bundesbank, to reduce the influence of the federal states in its ruling council, passed a key hurdle yesterday in the Bundestag.

The lower house of the German parliament agreed to cut the number of separate "state central banks" from 11 to nine, instead of raising the number to 16 to accommodate all the new states in the former East Germany.

The move, backed by the government and Mr Helmut Schlesinger, the Bundesbank president, is being pushed through in spite of opposition from most of the states.

It is intended to prevent the German central bank from becoming unwieldy and from being dominated by potentially maverick state central bankers against the views of its full-time directors.

In recent months state representatives have twice come into conflict with Mr Schlesinger and his full-time colleagues in pushing through a half-point rise in interest rates when the Bundesbank president favoured a quarter-point, and in bringing reservations about European monetary union into the open.

It now seems a deal will have to be struck by a conciliation committee between the Bundestag, in which the government has a majority, and the Bundesrat, which represents the 16 states, now with a Social Democrat majority.

## Bonn heads off public sector strike

By Quentin Peel in Bonn

PAY TALKS for more than 2.6m German public sector workers collapsed yesterday after the government and federal states refused to improve their 3.5 per cent pay offer.

The government immediately appealed for arbitration to head off strike action.

Unions representing 2.3m public sector workers, 240,000 postal workers and 110,000 railway workers, all declared a formal failure of the negotiations after two days of often bitter and stormy talks in Stuttgart.

But their plan to call an immediate strike ballot was foiled by the government move to go to arbitration, which imposes a compulsory cooling-off period of up to six weeks.

Nevertheless, the prospect of a big public sector strike in Germany is still real.

"The two sides are still worlds apart, between what the employers are offering and what the trade unions are demanding," said a representative of the local authorities, the third tier of employers involved behind the central government and the states.

Mrs Monika Wulf-Mathies, leader of the OTV public sector union, said the government's 3.5 per cent offer was a "declaration of war." The unions are seeking 9.5 per cent, plus extra holiday pay.

The government's hard line reflects anxiety about extraordinary pressures on the public purse stemming from German unification costs and the signals that a high pay award would give for other sectors, including key engineering workers.

Chancellor Helmut Kohl this week approved an increase in pensions of only 2.7 per cent, well below the current 4.2 per cent annual inflation rate, to a storm of criticism.

Behind him he has the grim determination of the Bundesbank to stifle the threat of inflation by tightly controlling money supply and keeping short-term interest rates at a record level.

Public sector wages have been resolved in arbitration twice before in the past decade, but the two sides appear more firmly entrenched than in recent years. However, neither side really wants all-out conflict, aware that the German economy is in danger of slipping into recession and that the cost of massive transfers from the west German economy to the east is still rising.

West German industry had the highest labour costs in the world last year for the third consecutive year, according to a study released yesterday by the Institute of German Economy (IWF), Reuters reports from Bonn.

The IW, financed by German industry, said labour costs in west German industry in 1991 were DM40.48 (£14.17 at current exchange rates) an hour, DM1.65 (about 58 pence) higher than in Switzerland. The Swiss had the highest labour costs from 1988 to 1989. Germany has since headed the list.

Portugal had the lowest industrial labour costs among 20 countries surveyed by the IW. Hourly labour costs there last year were DM7.88 (£2.76), below the DM11.14 (£3.90) paid in Greece, the next cheapest.

The strength of the D-Mark and rising costs of social welfare were the main reasons for the high German levels.

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"A policy which risks failure of the Gatt negotiations because of the controversial special protection for EC agriculture would endanger both national and international well-being," he said.

outside the common EC negotiating position in the trade talks. These talks are bogged down in disagreement on the extent of long-term income support for European farmers and on proposed quantity restrictions on future EC farm exports.

But he confirmed that the Chancellor saw the possibility of a trade-off, with the US accepting a freeze on its sales of cereal substitutes to the EC, while the Community would agree to quantity restrictions on its own exports.

In a statement issued on Wednesday, the German government said it was still fighting for the interests of German farmers, while accepting that EC surplus farm production must be reduced through logical policies and price cuts. The Gatt round must ensure the basis for future farm policy, including building in income support for farmers and adequate protection from imports.

"This external protection is nevertheless not possible without a satisfactory agreement on the quantity of future subsidised EC farm exports and of so-called cereal substitutes," Mr Vogel said.

The German federation of industry (BDI), the country's main business lobby, stepped

up its pressure on the Chancellor with a presentation concluding that success in the Gatt talks was critical both for the world economy and for Germany.

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## Bush and Congress do battle over reviving economy

By Jurek Martin, US Editor, in Washington

WASHINGTON ushered in the spring equinox yesterday with predictable rolls of political thunder as President George Bush and the Democratic leadership in Congress squared off over how best to revitalise the US economy.

Yesterday was the deadline set by the president in his state of the union message for Congress to pass legislation to stimulate growth. It has been apparent for some weeks that whatever came out of Congress would be vetoed by Mr Bush because, though broadly fiscally neutral, it would increase income taxes on the wealthiest Americans.

The White House launched the first strike on Thursday night by announcing that Mr Bush would invoke an obscure and never-used provision in the 1974 budget act and require Congress specifically to vote on more than 100 individual spending items, worth \$3.6bn, deemed excessive by the Administration. This seems to be a variation on the "line item veto" that some Republicans have been urging the president to adopt. Details were due to be filed in later yesterday.

The Congressional leadership immediately questioned his authority to do this and even the White House conceded that though the president has the power to demand that Congress rescind earmarked funds, the legislature has 45 days to consider the issue and, if necessary, reject the presidential proposals.

Simultaneously, and overnight, Congressman Dan Rostenkowski, chairman of the House ways and means committee, and Senator Lloyd Bentsen, chairman of the Senate finance committee, drew up the tax bill for presentation to both Houses yesterday - and a certain veto by the president.

Mr Bush is helped by the fact that Congress, engulfed by a variety of scandals, is not the favour of the month among the US electorate. On top of the House bank scandal, the House Postmaster resigned on Thursday, amid accusations that its facilities had also been abused by members of Congress.

A poll yesterday found public confidence in Congress at an all-time low of just under 20 per cent. The Democrat-run Congress thus represents an inviting target for Mr Bush before he locks horns with his Democratic opponent, most likely Governor Bill Clinton, in the presidential election.

Mr Bush's political strategy in this is very clear. He wishes to re-establish his credentials as a president who will not increase taxes, even if only on the wealthy, and, at the same time, he intends to stop unnecessary spending.

The combination is also designed to replace in the public mind the perception, successfully used in the last three presidential elections, that the Democrats are the "tax and spend" party.

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## Old enemies agree surveillance pact

By David White, Defence Correspondent

NATO allies and countries of the former Soviet bloc reached an Open Skies agreement in Vienna yesterday, allowing them to fly unarmed surveillance aircraft over each other's territory.

The accord, reached six months after the revival of negotiations, means that a formal treaty can be signed by foreign ministers when they meet at the Conference on Security and Co-operation in Europe (CSCE) in Helsinki on Tuesday.

The pact is due to be initiated today by representatives of 24 countries including out of the former Soviet Republics - Russia, Ukraine and Belarus. Other new republics as well as European countries outside NATO and the former Warsaw Pact will be able to join later.

Russia and representatives from the nine-nation Western European Union are due to meet in Moscow next week to discuss the possible use of

jointly-funded aircraft to carry out Open Skies flights.

Initially, surveillance will be done by cameras and radar, with infra-red sensors used only by bilateral agreement, but this restriction will be lifted after three years. Each country will have a quota of flights.

Data obtained from the flights will be available to all signatories, although payment arrangements have still to be settled.

President Bush launched the Open Skies initiative in May 1989 taking up a proposal first put forward by President Eisenhower in 1955. But talks ran aground a year later over restrictions sought by Moscow. They resumed last September. Moscow dropped its insistence on territorial limits and the right to overfly US bases in other regions. In exchange, it obtained the right for any signatory to provide its own aircraft for surveillance missions.

## Shipyard revival seen as tactic against Le Pen

By William Dawkins in Paris

THE FRENCH government has given its blessing to attempts to re-open a bankrupt shipyard near Marseilles, attracting opposition allegations of underhand electioneering tactics ahead of tomorrow's regional poll.

The yard, at La Ciotat, is an historic industrial symbol in the Provence-Alpes-Côte d'Azur region, where the extreme right-wing National Front has had a big lead in opinion polls, ahead of conservatives and Mr Bernard Tapie, the flamboyant businessman backed by the Socialists.

The district or departmental authority has just bought La Ciotat's assets from Banque Worms, a nationalised bank which took them over two years after Normed, the former operator, went into liquidation in 1987.

The local authority has been keen to re-open the yard with Lexemar, the Swedish shipbuilder, ever since its demise,

but it was only earlier this week that a formerly sceptical government gave its go-ahead for negotiations.

This followed an announcement by Mr Pierre Bérégovoy, the finance minister, that he was prepared to give a "helping hand" to attempts to re-open the yard, so long as no state aid was expected.

Lexemar was yesterday preparing a rescue package, with local investors, to offer to the departmental authority. Previously, the French government had resisted rescue attempts on the grounds that the yard could never become competitive.

Any rescue attempt would have to get agreement from the European Commission, which allowed the French government to pay out FF2bn (\$206m) of redundancy aid on condition that the yard was taken out of production. But French officials say the restriction was only for five years, until March 1993.



Ukrainian women shout anti-Russian slogans before the arrival of President Yeltsin in Kiev yesterday.

## Russia and Ukraine clash over arms

By Chrystia Freeland and John Lloyd in Kiev

THE summit meeting of the heads of the Commonwealth of Independent States in Kiev yesterday saw a further escalation of tension between the organisation's two pivotal members, Russia and Ukraine.

Ukrainian leaders, the hosts to the conference, accused Russia of putting the republic under attack and refusing to sign any military agreements, even those covering strategic nuclear weapons.

Mr Leonid Kravchuk, clearly with Russia in mind, said that "there is a planned long-term attack on our republic which only desires independence." He confirmed that Ukraine had ceased to send back its tactical nuclear missiles to Russia - about half have so far gone - and said that no more would be sent until guarantees had been given that these would be destroyed under international supervision.

General Konstantin Morozov, the Ukrainian defence minister, said Ukraine had taken no part in any of the military agreements signed by those members of the CIS who

had agreed last month to be part of a united Commonwealth military command.

Ukraine, with Azerbaijan and Moldova, have said they will now create their own armies - but have agreed to remain within a united strategic nuclear command until the strategic nuclear missiles are returned to Russia within the

About 33,000 St Petersburg students and a large number of pensioners will each get Rbl150 out of funds from the sale of EC food delivered to the city, writes Andrew Hill in Brussels. The European Commission said about EC800m (£57m) of nearly EC200m of food aid to St Petersburg and Moscow had been delivered.

missiles agreed to be cut under the START treaty.

The one positive agreement yesterday appeared to be a resolution to create a CIS peacekeeping force to police the burgeoning national and other conflicts within the Commonwealth - notably the fighting in and around the Armenian enclave of Nagorno Karabakh in Azerbaijan, and in the Trans Dniestr region in Moldova.

Mr Seitkazy Metayev, spokesman for Mr Nursultan Nazarbayev, the president of Kazakhstan said that after an hour of "heated discussion" the Kazakh proposal for such a force had been agreed on the basis that it would operate in conflicts once a ceasefire had been called, and on the invitation of at least one of the sides. He added, however, that the force could not be used for military purposes.

Those members who did sign the military agreement nominated General Victor Samsonov as chief of staff of the Commonwealth forces with General Yuriy Maslennikov as head of the strategic forces and General Vladimir Simeonov as head of the conventional forces - in each case these officers keeping the jobs they were already doing.

A Ukrainian proposal for the division of former Soviet property, including overseas assets and the assets and reserves of the former state bank Gosbank was brusquely turned down by Mr Boris Yeltsin, the Russian president.

## INTERNATIONAL NEWS

Li Peng tells party congress lid must be kept on political change and unrest

## Chinese premier backs economic reform

By Yvonne Preston and Reuter in Beijing

CHINA'S prime minister, Li Peng, yesterday gave cautious backing to the economic reform strategy of Deng Xiaoping, the country's paramount leader, but warned that neither political change nor unrest would be tolerated.

At the opening session of China's rubber-stamp parliament, the National People's Congress, Li said: "We must do two types of work at the same time, attaching equal importance to both. We should promote reform and opening to the outside world and, at the same time, crack down on criminal activity of all kinds."

The annual assembly session comes after reformists, led by Deng, have taken the initiative in a fierce power struggle against hardline ideologues within the country's communist government. Li is known to favour a cautious style of central planning, while the reform lobby wants a more radical approach to economic development.

Deng's picture has been plastered across southern newspapers in the past week in a media barrage unprecedented since the days of Chairman Mao Zedong's personality cult in the mid-1960s. This could be a strategy to outflank party

hardliners in the north unhappy with the pro-reform push.

In his "government work report" to the 3,000 delegates, Li substantially reflected the new economic strategy pushed publicly by Deng in visits to southern China in January and February.

Repeating remarks made by Deng, Li said in carrying out reform "we should emancipate our minds, seek truth from facts, boldly explore new ways". The test of reform was whether it raised living standards and boosted productivity.

The report was half the usual length and relatively free from orthodox communist slogans.

However, the Chinese premier failed to repeat Deng's claim that the greatest danger came from the left not the right.

Reflecting fears of party hardliners about a breakdown of law and order and an end to their grip on power, he said: "We should not hesitate to take forceful action against criminal activities and to eliminate social evils."

Li said: "We must be on the watch for any ideas or trend towards bourgeois liberalism, checking it the moment it appears and never

allowing it to run rampant."

The work report declared a formal end to the austerity programme initiated after the rampant inflation and economic overheating of 1988.

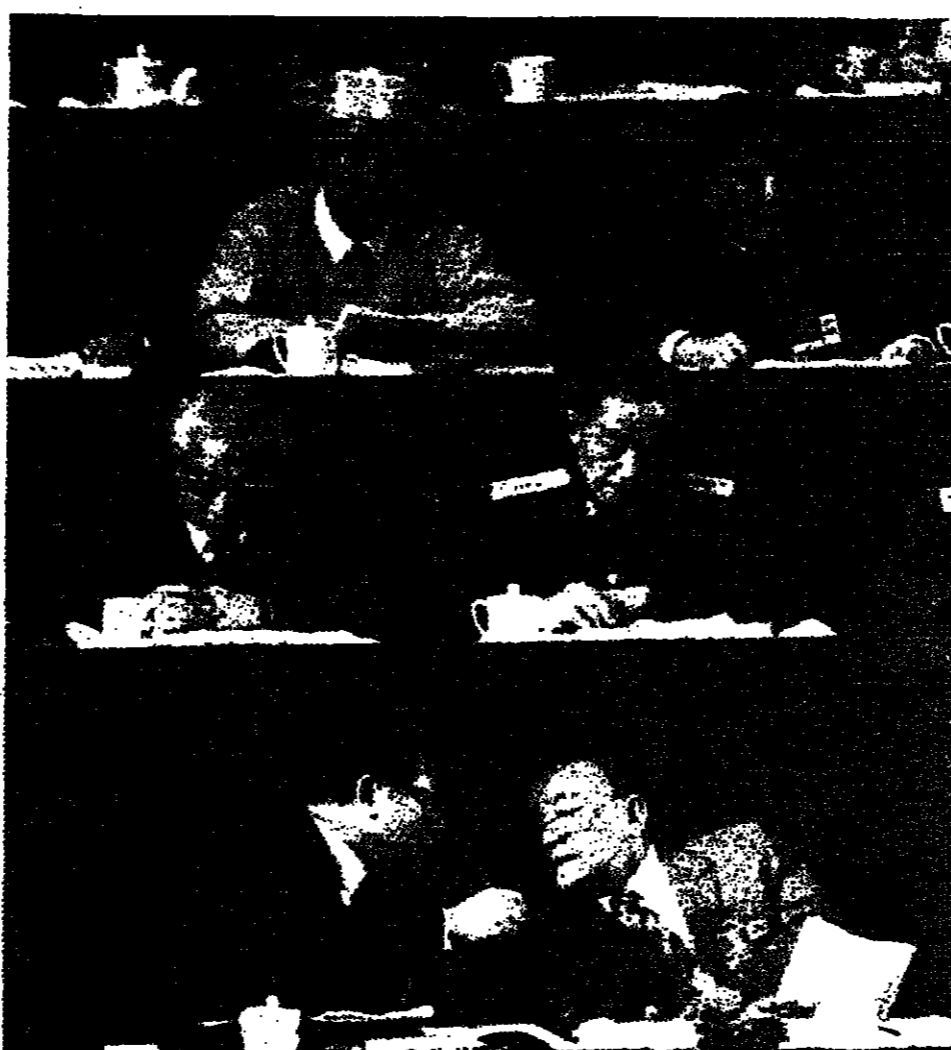
Because "rectification" had only just ended, Li said the economic growth target has been set at only 6 per cent over last year's figure, with inflation to be kept under 6 per cent. He said China suffered from a growing budget deficit, inflationary tendencies and loss-making state enterprises.

The premier pledged to make state enterprises more responsive to the market, but he stopped short of recommending large-scale privatisation or bankruptcies.

The controversial Three Gorges hydro-electric dam project should be included in the 10-year plan that runs until the end of this century, Li said.

The 57bn yuan (\$5bn) project was technologically feasible and economically rational and should be built.

For the first time, the report referred to human rights. China acknowledges human rights as a proper subject for international discussion but opposes the use of human rights as a pretext for interfering in other countries' internal affairs, Li said.



Party leader Jiang Zemin, left, gestures with a pencil to President Yang Shangkun at the opening session of the National People's Congress yesterday

## Gadaffi 'ready to hand Lockerbie suspects to UN'

By Mark Nicholson, Middle East Correspondent

LIBYA was reported yesterday to be ready "in principle" to hand over to the United Nations secretary-general two men accused by Britain and the US of having masterminded the bombing of a Pan Am aircraft over Lockerbie.

The report surfaced as Libya's North African neighbours, headed by Egypt, Morocco and Tunisia, engaged in a flurry of meetings aimed at heading off Security Council moves to impose sanctions against Libya, including an arms and civil aviation embargo.

In Tunis, an unidentified North African diplomat was quoted as saying that "Arab states are intensively working on such a solution and Libya has agreed in principle to surrender them to the UN secretary-general".

However, British and US officials were sceptical last night, suggesting that Libya might be seeking to win time before an eventual vote on a proposed Security Council resolution calling for sanctions - expected early next week.

Britain and the US have demanded, backed by UN resolution 731, that Libya hand over the two men - Mr Abdul Basit Ali Magrahi and Mr Lamin Khalifa Fahlma - for trial in the US or Scotland. France has also demanded that Libya surrender four men sus-

pected of bombing a UTA flight over Niger in 1988.

US officials said Libya's unconditional surrender of the two men would suffice to forestall a vote on the resolution.

Nevertheless, other western officials said the move might ease but not remove the pressure on Libya, since Tripoli, under the terms of resolution 731, would still be expected to hand over the men accused of playing a part in the UTA bombing and disassociate itself from all acts of terrorism.

Colonel Muammar Gaddafi's regime has wriggled uncomfortably under the pressure from the US, Britain and France. It has proposed a string of solutions short of western demands while stockpiling vital goods and shifting billions of dollars of overseas assets in case of sanctions.

Discomfort among Libya's neighbours that Col Gaddafi's regime might be fatally destabilised by external pressure has prompted a concerted attempt to broker a solution, led by Egypt.

In its scramble to find a solution, Libya yesterday despatched a senior envoy to Riyadh to meet Prince Saud al-Faisal, the Saudi foreign minister, while Major Khoufidi Hamidi, a senior Libyan defence official held two sessions of talks with King Hassan of Morocco on Thursday.

## Israeli poll puts Labour in front

By Hugh Carnegie in Jerusalem

ONE OF the first national opinion polls conducted since an Israeli general election was called for June 23 has put the opposition Labour party ahead of the governing Likud party of Prime Minister Yitzhak Shamir. But the Likud and the parties in its coalition with it, until recently would still together command a parliamentary majority.

The telephone survey, conducted by the Dahaf institute, in Tel Aviv for a daily newspaper, gave Labour, under its new leader, Mr Yitzhak Rabin, 41 seats in the 120-seat Knesset, with Likud slipping to 37. Labour's "natural allies" among small leftist and Arab parties, to which it would turn for support in a coalition, shared 17 seats, while right-wing and religious parties which tend to support Likud shared 25. In theory, this would allow Mr Shamir to reconstruct his old coalition with a parliamentary majority of two.

Although the poll confirmed anecdotal evidence that Labour is profiting from harsh economic conditions and the government's disputes with the US, analysts warn that much can change between now and June.

Israeli soldiers shot dead a Palestinian and imposed curfews yesterday in the worst unrest to sweep the occupied West Bank and Gaza Strip this year, Reuters reports.

Youths stoned troops and paramilitary police and set up roadblocks of burning tyres.

The army put the West Bank towns of Ramallah and Hebron under curfew and sealed off the entire Gaza Strip, home to 750,000 Palestinians.

Soldiers killed a 19-year-old youth from Silwad village in clashes in Ramallah. Military sources said he had thrown a firebomb at an army jeep. A 20-year-old Palestinian also died yesterday after being shot by security forces in the town of Jenin three days ago.

The clashes marked an upsurge in the four-year-old Palestinian revolt, which had been virtually dormant since the Middle East peace talks got under way in Madrid last October.

## Mickey makes the long march back to China

By Simon Davies in Hong Kong

MICKY MOUSE is to return to China after a two-year absence courtesy of the recently negotiated bilateral agreement with the US over intellectual property rights.

Disney products had a run of success in China before 1989, the year the authorities cracked down on dissidents in Beijing's Tiananmen Square. A television show used to attract 300m viewers a week, according to Mr John Feenle, executive vice president for Disney Consumer Products, Asia Pacific.

But the company decided to pull out when it felt that counterfeiting of Disney products had become endemic.

Now, with the Chinese economy booming and a certain amount of protection from

## Kenya bans political rallies

By Michael Holman in Nairobi

THE KENYAN government yesterday banned political rallies in an effort to curb tribal fighting, which has killed more than 70 people this year.

The ban, a serious setback to Kenya's transition to a multi-party democracy, will alarm aid donors.

A donors' conference in Paris last November linked aid to economic reform and civil rights.

Clashes between President Daniel arap Moi's Kalenjin clan, and Luo and Luhya tribes, have been condemned by the Forum for the Restoration of Democracy (Ford), the main opposition party.

Ford officials believe that the fighting has been encouraged by the government, seeking a pretext to delay an election.

## FIS vows to fight

Algeria's banned Islamic Salvation Front (FIS) yesterday vowed to go on fighting the country's leaders until they hold a general election, writes Francis Ghillea.

A communiqué issued after a clandestine meeting of FIS leaders still at liberty - nearly 7,000 leaders and sympathisers are held in detention centres in the Sahara Desert - said the FIS was engaged in a battle "of an oppressed people, deprived of the right to decide their future. It is a combat against a handful of despots."

## Banda's foes gather

More than 60 members of Malawi's exiled opposition met in Lusaka yesterday to form a unified front to push for democracy in their homeland, AP reports from Lusaka.

It was the first time so many opponents of President Hastings Kamuzu Banda had gathered to plan strategy against the authoritarian ruler.

## 'Race war' boast

Right-wing extremist Eugene Terre Blanche said yesterday his private army was preparing for race war following the "Yes" victory in South Africa's reform referendum. Reuters reports from Johannesburg.

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## UK NEWS

## End to discounting causes inflation to stick at 4.1%

UK inflation rate	
Leisure goods (48)	3.6%
Fares & other travel costs (20)	7.0%
Motoring (141)	9.9%
Personal goods & services (38)	8.4%
Clothing (63)	1.7%
Household services (45)	7.7%
Household goods (70)	5.8%
Leisure services (30)	11.3%
Food (151)	3.8%
Alcoholic drink (77)	10.5%
Tobacco (32)	16.2%
Housing (192)	-5.7%
Fuel & lighting (46)	5.1%

Figures in brackets are weights in retail prices index in parts of 1,000

Percentages represent annual % change to February 1992

INFLATION stayed stubbornly unchanged at 4.1 per cent in February, disappointing government hopes that it would drop to 4 per cent, Emma Tucker writes.

However, an increase in the German inflation rate to 4.3 per cent in February means that Britain's annual inflation rate fell below Germany's for the first time since September 1987.

Figures from the Central Statistical Office showed that the index rose from 136.8 in January to 136.3 in February, based on a weighting of 100 in January 1987. This represented a rise of 0.5 per cent.

In spite of the month-on-month increase, the UK inflation rate remained below the EC average of 4.6 per cent in January, and below the 4.3 per cent average of ERM countries.

After a sharp drop in clothing and footwear prices in January because of heavy discounting in the sales, the rate of inflation for this component of the RPI rose 1.3 per cent in

February after a fall of 5.1 per cent in January.

Higher petrol prices boosted the motorist expenditure component 0.7 per cent on the month, although it was also affected by some increases in second-hand car prices and spare parts.

The higher petrol prices, against a drop in prices a year ago, contributed to keeping the underlying rate of inflation, which excludes mortgage payments, stable at 5.6 per cent.

Leisure-services prices stuck at an annual rate of 11.3 per cent, unchanged on the previous month. The month-on-

month increase was 0.1 per cent. Higher prices of some toys, newspapers and gardening products led to a 0.5 per cent increase in leisure goods on the month.

Food prices rose 0.5 per cent last month, but there was a sharp drop in seasonal food price inflation, reflecting the mild winter. The rate of seasonal food price inflation dropped to 0.1 per cent in February from 3.3 per cent in January.

Non-seasonal food rose 0.5 per cent on the month, reflecting higher prices for soft drinks, bread, cheese,

bacon, and some other meats.

A monthly increase of 0.9 per cent in household-goods prices reflected some recovery from January's record price reductions. There was no change in the cost of household services.

While the year-on-year rate of increase in the RPI could come down to below 4 per cent in March as the recent reduction in mortgage interest rates takes effect, April could be a different story. The increases announced in the Budget earlier this month in excise duty on alcohol, tobacco, petrol and car road tax could combine to push the index up.

## Banks rebuff card protests

BANKS yesterday rounded on retailers for complaining about increased charges for processing credit-card payments, David Barclay writes. They challenged the retailers to stop taking credit cards if they were dissatisfied with the terms on offer.

The Credit Card Research Group, a lobby group set up by the banks, said retailers' complaints were unreasonable. It claimed that they had come after three years in which charges had fallen by a third, saving £200m.

"They [the retailers] have squeezed the card companies so hard that they are now losing significant amounts of money on processing card transactions for the retailer," said Ms Elizabeth Phillips, director of the group.

"Retailers have the option of refusing to take cards," she added. "But they should think carefully before doing so. There are many advantages to the retailer in taking cards."

Mr Mike Wilsey, assistant director at the British Retail Consortium, which represents store groups, responded: "Retailers have spent heavily on fitting out their checkouts for debit and credit cards on the understanding that debit-card transactions would be about the same as clearing cheques."

"Now they are being told that it is going to be much more expensive, and they are quite incensed."

## No-strike deal in NHS

THE FIRST no-strike agreement in the National Health Service was signed yesterday between several unions and Homewood Trust, one of the first wave of new hospital and community services trusts.

The agreement with three unions, the Royal College of Nursing and British Medical Association introduces a joint commitment to binding pension arbitrators in the event of a failure to agree. This is a system in which arbitrator accepts either side's final offer. The new deal also introduces procedures designed to exclude strike action.

Homewood employs 1,000 staff in mental health and handicapped services in north-west Surrey.

## Case against woman dropped

THE CASE against a woman charged with her ex-husband in connection with a burglary at the solicitors of Mr Paddy Ashdown, Liberal Democrat leader, was dropped yesterday. Ms Maria Watson of Moulsecomb, East Sussex, had been charged with handling goods stolen from Bates, Wells & Braithwaite in Smithfield, London.

At the same court her ex-husband, Mr Simon Berkowitz of Hove, West Sussex, was granted unconditional bail until April 16. He is charged with stealing documents and cash from the solicitors in January this year.

## Mail sorting jobs to be cut

THE POST OFFICE confirmed yesterday that its Royal Mail subsidiary expected to shed about a third of the 45,000 jobs in letter-sorting over the next few years as a result of a £250m investment programme. Machinery will be introduced which will be able to read handwritten post codes rather than just typed addresses as at present.

## Police probe missing pension assets

By Jimmy Burns

FRAUD detectives are trying to trace about £1m missing from the pension scheme of Peak Design, the collapsed Derbyshire furniture manufacturer.

Derbyshire police said yesterday that the investigation had been launched after a complaint from the independent trustees of the scheme, Bradstock Trustee Services.

The Derbyshire fraud squad investigation centres on pension fund assets of between £900,000 and £1m which the trustees have been unable to trace. The detectives are trying to contact the company's chairman, Mr Ted Hunter.

Peak Design went into receivership on January 24. Halifax Property Services said yesterday that before then they

had been asked by Mr Hunter to handle the sale of his home which is valued at £595,000. The home was vacated earlier this month.

Bradstock Trustee Services said that since March 2 they had taken control of assets worth just over £100,000, but that assets of "around £1m are missing".

Mr Tim Culverstone, a director of Bradstocks, said the records were not complete but about £980,000 appeared to be missing including:

- £50,000 purchases of shares in the company which were now worthless.
- £330,000 loan to the company plus interest which now seemed unlikely to be repaid.
- £200,000 loan to another

pension scheme involving Mr Hunter.

Mr Culverstone said a company search by the solicitors Evershed Wells & Hind on behalf of the independent trustees revealed that the south coast properties had recently been transferred to Wynston Investments, registered in Gibraltar.

The address of the company, 28 Irish Town, Gibraltar, is that of a firm of lawyers, Triay & Triay.

Mr Giles Orton of Evershed Wells & Hind said his firm was still investigating possible

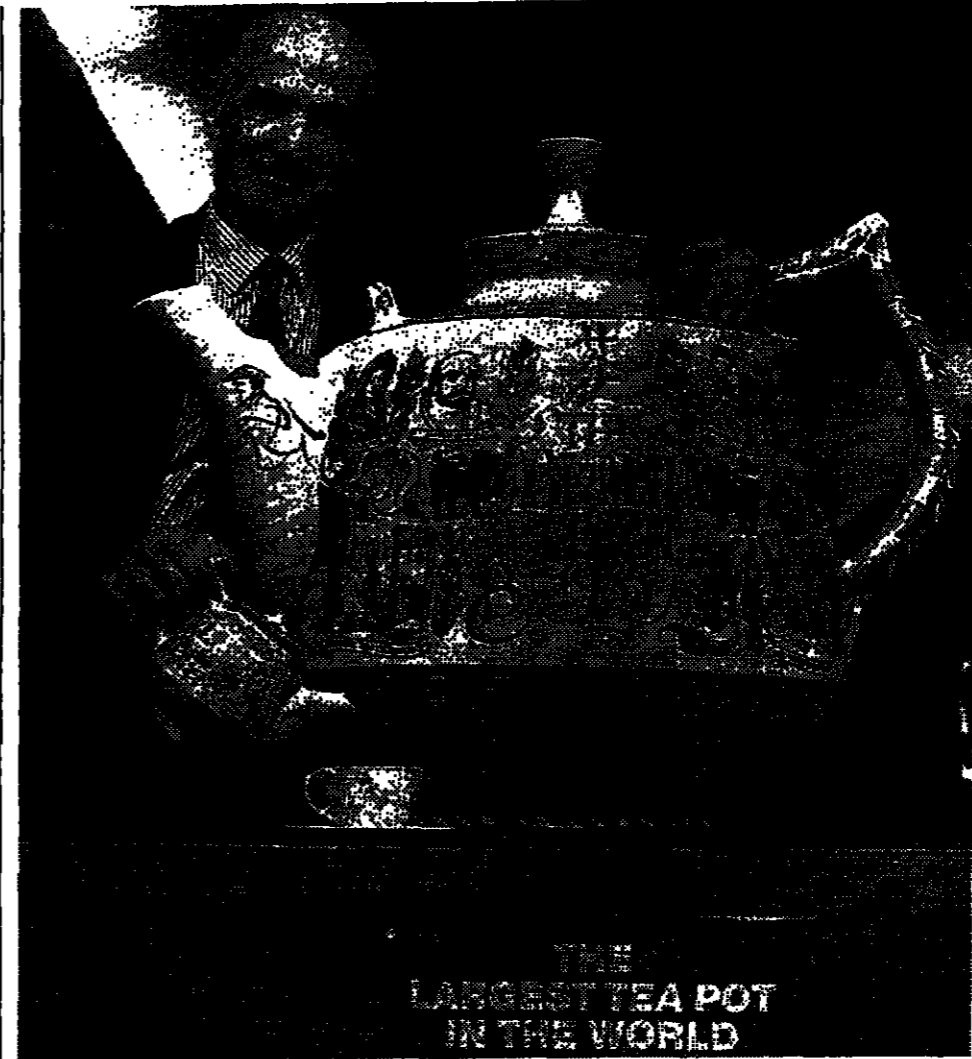
links between Mr Hunter and the Gibraltar company and "may have to sort out who owns the property."

Mr Culverstone said he was "very concerned" about the position of the 83 members of the pension scheme.

Peak Design closed its plant at Alfreton, Derbyshire, last month with the loss of 106 jobs.

Touche Ross, administrative receivers for the company, said last night that since the pension scheme had been terminated in April 1990 beneficiaries had been engaged in discussions with the company on what they claimed was money owing to them.

Touche Ross confirmed that Mr Hunter was one of two former trustees of the company.



One for the pot: "An Ace Cuff with quite a nice museum attached" may be a crass advertisement for the Victoria and Albert Museum, but its just right for the Braham Tea & Coffee Museum which opened this week near Tower Bridge, David Blackwell writes. Mr Edward Braham, its founder, is seen here with part of his collection. Photograph: Lydia van der Meer.

## BCCI executive in court today

By Raymond Hughes, Law Courts Correspondent

THE first Bank of Credit and Commerce International executive to be charged in England with criminal offences will appear in court in London today.

Mr Imran Mohammed Ahmad Iman, former BCCI account manager, will appear at the City of London magistrates court charged with two offences of conspiracy involving £178m. The Serious Fraud Office said last night that Mr Iman, from Edgware, north London, had been arrested earlier yesterday.

The first charge alleges that between January 1 1986 and December 31 1990, Mr Iman conspired with Mr Agha Hasan

Abedi, Mr Swaleh Naqvi and other members of BCCI's senior management to falsify the accounting records of BCCI (Overseas) by causing management fees and other charges totalling about \$74.4m to be levied on certain loan accounts.

"when to [his] knowledge the borrowers of those loans had been held harmless for all such fees, interest and charges by the bank".

The second charge alleges that between November 30 1987 and September 28 1990, Mr Iman conspired with Mr Abedi, Mr Naqvi, Dr Ghaffar R. Pharoan and others to conceal loan guarantees amounting to \$105m, required by BCCI's

auditors for audit purposes.

Mr Iman is the second man to be charged in England in connection with BCCI.

Last month Mr Mohammed Abdul Baqi, a former managing director of Attock Oil, an oil producing and trading group based in London, was charged with conspiracy. He is accused of conspiring with Mr Bashir Chowdhry, BCCI's former UK regional general manager, and other members of the BCCI senior management to supply false information to BCCI auditors showing that Attock Oil owed BCCI more than \$76m. Mr Baqi has been released on bail and is due back in court on May 16.

## Barclays to implement 3% offer

By Michael Smith, Labour Correspondent

BARCLAYS BANK is to implement a pay deal for 70,000 employees averaging slightly more than 3 per cent - the lowest among the big four in recent years - in spite of union opposition.

The implementation of the increase on Monday signals a tougher line by the banks on pay and conditions.

The Barclays pay package will be implemented in spite of a ballot concluded yesterday by Bifu, the financial services union, which showed a major-

ity of members in favour of industrial action.

Members of the Barclays Group Staff Union (BGSU) have voted against the pay offer and are being consulted by their leaders on whether they want to vote on industrial action.

In spite of the union votes, it is extremely unlikely that there will be industrial action at the bank.

Bifu is investigating the possibility of joint action with BGSU. Although it has not

given the results of its ballot, it admits that the majority in favour was narrow and that the turnout was low.

Barclays' offer would raise salaries of its 70,000 non-managerial staff by between £230 and £335 a year, representing rises of between 4 per cent and 2.5 per cent.

Salaries would vary between £5,958 and £18,674 after the implementation of the settlement, which is payable from the beginning of February, the settlement date.

## Virgin Atlantic starts libel case against BA

By Paul Betts, Aerospace Correspondent

THE LONG dogfight between Virgin Atlantic Airways and British Airways intensified yesterday with Virgin's decision to start a libel action in the London High Court against BA and its chairman, Lord King.

The libel action comes a week after Virgin announced it was taking legal action in the US against an alleged "dirty tricks" campaign by BA against its smaller UK rival.

Mr Richard Branson, Virgin chairman, said he was now starting legal proceedings in the UK because of BA's comments - in a newsletter, letters and a press release - on Virgin's allegations of "unacceptable business practices" by BA.

"The master in which BA and Lord King have attacked both Virgin Atlantic and myself, by dismissing Virgin's claims as fabrications, leaves me no choice but to proceed this way," Mr Branson said.

Virgin said writs were in the process of being served.

Mr Branson has accused BA of attempting to undermine his airline through a smear campaign and by refusing to co-operate on engineering maintenance for his aircraft.

He warned that he would take legal action if he did not receive an apology from BA, assurances from the bigger carrier to halt its alleged "dirty tricks" campaign and the dismissal of Mr Brian Basham, a public relations consultant allegedly involved in the campaign.

BA has repeatedly rejected Mr Branson's charges and has vouched his decision to take legal action in the US as a publicity stunt.

Mr Branson said yesterday that he had done "everything I can" to avoid two British airlines ending up in court against each other.

BA's German deal, Page 12



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## UK NEWS

# Trading curbed at two Lloyd's syndicates

By Richard Lapper

TWO syndicates at the Lloyd's of London insurance market have ceased to accept new business for the time being.

Syndicate 65, which has a capacity, or capital base, of £38m, and the smaller 604, with a capital base of £4m, are not accepting new business in the wake of Thursday's instruction by the Committee of Lloyd's to Chester syndicate 65 to stop trading.

Another agency, Hayter Brockbank, is leading efforts to find a new managing agency for both of the syndicates, and according to Mr George Stevens, a managing director, "is hopeful to get the syndicates trading again in the next few days."

Hayter Brockbank agreed an option to buy the Chester agency, one of the oldest at the insurance market, last year and has been involved in supporting the Chester management over the last five months.

But Hayter says that it is not interested in managing either syndicate on a long-term basis.

Mr Stevens says that

although syndicate 65 has no particular problems, its information systems are different to those used by Hayter Brockbank's own syndicates.

The Chester agency's financial difficulties are understood to be one of the main reasons for the decision by Lloyd's, although Chester has also experienced difficulties in buying errors and omissions insurance - which covers the agency managers against the cost of any legal awards.

Prudent rates for errors and omissions insurance, which is also insured at Lloyd's, have risen sharply in the wake of a large payout by errors-and-omissions underwriters after the £116m out-of-court settlement in the Outhwaite case last month.

In a separate development yesterday, Pubbrook Underwriting Management, a subsidiary of the Merrett Group, announced that it is to merge syndicates 731 and 1038.

The successor syndicate 1038 will have a capacity of about £25m.

## Retailers face charges over fruit juice labels

By John Thornhill

THE Ministry of Agriculture is to prosecute 11 food companies for alleged misleading labelling of orange juices.

The companies, which include big grocery retailers such as J. Sainsbury, Tesco, Sainsbury and Asda, are alleged to have sold juices described as "unsweetened", which were found by the ministry last year to contain levels of corn syrup or beet sugar above the prescribed levels. Most of the companies have said they will contest the allegations.

At the time of the testing, Mr John Gummer, agriculture minister, said: "It should not be assumed from these test results that the retailers and

traders of the various products tested were aware that the products offered were not consistent with the labelling."

The ministry said yesterday that the action was being taken under the provisions of the Trade Descriptions Act and the Food Safety Act, although it had previously stressed that there was no safety risk from adulteration.

In its survey last year, the ministry found that only five of the 21 brands it tested consisted of pure orange juice as was claimed on the packaging. Some of the juices tested contained "pulpwash", which is produced by repulping orange husks.

# Leicester's challenge for a place at the honeypot

Paul Cheeseright on how the city is preparing its case for a share of government development funds

THE CITY of Leicester is racing for a place at a government honeypot called City Challenge Two. The city's council, community groups, charities, educational institutions and business leaders are talking about what will go into a 5,000-word document appealing for £37.5m, spread over five years, out of that pot.

Leicester is one of a possible total of 57 competitors for Urban Programme funds from the Department of Environment programme to revive run-down areas. But only 20 can win.

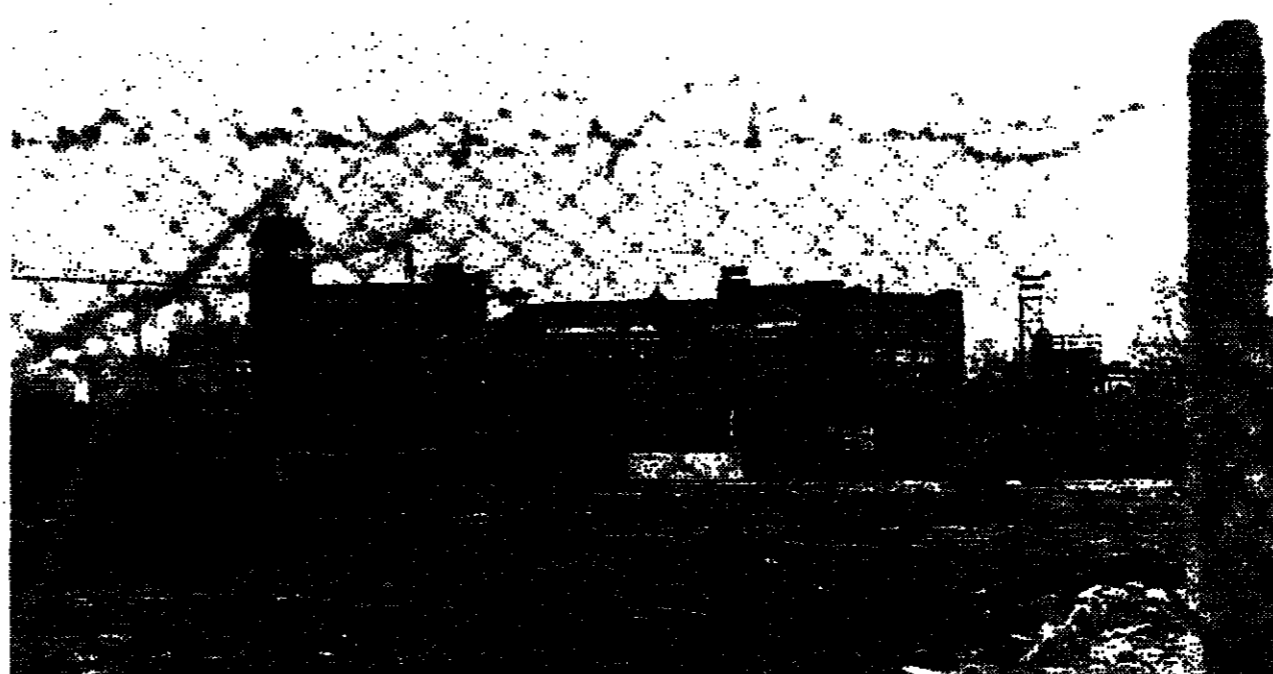
Mr Michael Heseltine, environment secretary, has taken £150m a year out of his departmental budget for urban renewal and will make those funds available to the councils which can produce the best schemes concentrated on specified geographical areas and involving all sections of the local communities.

This is City Challenge, the first round of which took place last year on an experimental basis. It is the Conservative government's main innovation in urban policy.

In spite of reservations about the competitive nature of City Challenge, local authorities have responded energetically. What is happening in Leicester is being mirrored up and down the country.

Leicester City Council, in fact, was irritated that it had not been invited to take part in the first City Challenge.

Shortly after his appointment as the council's chief executive, Mr Imtiaz Farooqui seized the opportunity of a visit last summer by Mr Heseltine for a quiet word. He won an infor-



Fenced in: Leicester Polytechnic on Bede Island is anxious to expand its campus and improve student housing

mal undertaking that Leicester could compete in City Challenge Two. Work on the bid for funds started last August.

There was little discussion about the area of the city to be the subject of the City Challenge bid. It was about 500 acres of inner Leicester based on Bede Island. Work on the area had already been done: plans for redevelopment had been discussed during the late 1980s with British Urban Development, a consortium of contracting companies which is now defunct.

"It is not the most deprived area of the city, but in terms of matching problems and potential, it is likely to be the most effective [for City Challenge]," said Ms Sue Sanford, co-ordinator of the bid.

The area around Bede Island is a jumble. In the middle is Leicester Polytechnic, which is squeezed for space, and anxious to develop its campus and improve its student housing.

Leicester University is on the eastern edge. There are three scrapyards with their attendant environmental problems. There is a canalised river running through it - "a potential tourist route but nobody stops on it," said Ms Sanford. Traffic

is a continuing difficulty. About 10,000 people live in the area. Unemployment has risen to around 15 per cent and of those who do have jobs, many are on low pay. There is a host of small employers. Ethnic minorities make up about 25 per cent of the local population, slightly below the city's average of 30 per cent.

Having defined the area, the next step was to set up an organisation which could draw up a development plan.

"We knew it had to be a partnership, so we made contact with the voluntary sector, the university, the poly, the

health authority and so on," Ms Sanford said. A steering group was established and had its first meeting last October.

"It has taken longer to get local employers on board," Ms Sanford said, largely because of the number of small employers.

The 40 voluntary groups active in the area formed their own consortium, and quickly produced a blueprint of the overall needs of the area.

The steering group was slimmed down to form a co-ordinating group made up of the city council's leader and chief executive, the leader of

the county council and representatives from the Chamber of Commerce, the private sector and the voluntary groups, with others called in when needed.

By last November, the co-ordinating group was calling for proposals from the community.

From the 300 proposals which arrived, and from the comments which emerged at public meetings held in January and earlier this month, themes and concerns about Bede Island began to emerge. They included housing, traffic, the environment, better play and child-care facilities, more jobs and better training facilities, a higher level of health care and crime prevention.

Now the pressure is to decide what precisely goes into the 5,000 words which will outline the Leicester City Challenge proposal. The final document will have to list what is hoped to achieve, by what means and at what cost.

There will be some large property projects, probably including, for example, new science parks close to the educational institutions and a new football ground for Leicester City.

There will also be many smaller projects in an attempt to answer the concerns already voiced in the community.

Time is running out. The final bid has to be at the Department of Environment by 5pm hours on April 22, shortly after the election.

But even if Leicester does not win a place at the honeypot, it will do the work at Bede Island anyway. It will just take longer.

## Tories promise to end Treasury's pre-Budget 'purdah'

By Philip Stephens, Political Editor

AN END to the Treasury's secretive grip on all Budget decisions in favour of more open debate within the cabinet about taxation and spending is being promised by senior ministers if the Conservatives win the election.

Some members of the cabinet this week blamed the Treasury's insistence on pre-Budget "purdah" for the faltering start to the Conservatives' general election campaign. Colleagues said the significance of the planned reforms of the Budget system had not

been widely appreciated. Mr Norman Lamont, the chancellor, has announced that from next year all decisions on government spending and taxation - which are now split between the Autumn Statement and the March Budget - would be presented in a single December Budget.

The reasoning behind the proposal is that the uniquely British tradition of separating decisions on government spending and revenue has obscured the choices to be made

between spending increases and tax cuts. Mr Lamont said the process had been under pressure for special relief and had contributed to an "excessively complicated" tax system.

Senior ministers outside the Treasury said that the chancellor and the prime minister appreciated that under the new system the cabinet and the House of Commons would gradually assume more prominent roles in tax decisions.

At present, the chancellor informs

his cabinet colleagues of his decisions only on the morning of the Budget. Until then they are in the dark about revenue and borrowing projections and cannot make informed judgements on the chancellor's options.

The ministers said that because the planned change would sharpen the "trade-off" between tax and spending decisions, the Treasury would be far less able to conceal what it was doing. The lag between the announcement in December of the expanded Budget and

its implementation in April after the passage of the finance bill means that MPs will have more opportunity to force changes.

Some cabinet members believe secrecy was a significant factor in a less-than-enthusiastic reception for the Budget on March 10. Mr Lamont's colleagues continued until the day of the announcement to fuel expectations of much larger tax increases because they were unaware of the sharp rise in borrowing.

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## UK NEWS

## ELECTION 1992

## Gould unveils plans for 'fair rates'

By Andrew Adonis and Ivo Dawney

LABOUR opened up a new campaign battleground yesterday when it turned its fire on the Conservatives' record on the poll tax.

Using the party's morning news conference to highlight the new 1992-93 tax rates, now being announced by local councils, Mr Neil Kinnock described the Tory party as "the poll tax party."

He went on to charge that Mr John Major, the prime minister, had claimed that he had been "bounced" into backing the tax while arguing as recently as last Wednesday that the principle behind it had been correct.

The Labour leader's attack was countered by Mr Michael

Heseltine, the environment secretary, who said that Mr Kinnock's alternative "fair rates" plan conflicted with his claim in the 1980s that rates were the "most unjust of all taxes."

Mr Heseltine added that residents in Labour boroughs paid on average £54 more than those living in Tory-controlled boroughs.

The clashes came as Mr Bryan Gould, Labour's environment spokesman, said that under the party's "fair rates" plans, unveiled yesterday, the tax bill for the average household in England would be £114 lower than under the government's proposed council tax.

On Labour's calculations, the council tax, due to replace

the poll tax next year if the Conservatives are re-elected, would have resulted in a bill of £504 for the average property in England had it been in place for the 1992-93 financial year.

Mr David Blunkett, Labour's local government spokesman, argued that the £114 saving - taking the average bill to £390 - would come mainly from scrapping the single-person discounts payable under the Conservatives' plans.

He estimated a saving of £53 from ending the discounts, plus an extra £32 from savings in administering and collecting Labour's less complex tax.

The other £29 would come from discarding the government's proposed transitional relief scheme for those losing heavily from the change of tax.

"Poor widows will look on with amazement as single millionaires receive most help under the Conservatives' proposed discounts," said Mr Blunkett.

"Fair rates" is a simpler tax than the council tax, so some savings are likely. It requires no system either for banding or for discounts. But the savings claimed by Labour depend on three assumptions: that the council tax will require a register, that Labour would introduce "fair rates" without transitional relief, and that there would be no discounts for at least the poorer single-person households.

Mr Heseltine has denied that the discounts would require a register. It is also unlikely that Labour would introduce rates with no transitional relief or rebates for single-person households. The real saving might, therefore, be considerably less than £114.

However, Labour claims that its rebate system would be more generous for the same cost as the government's.

LABOUR'S PROPOSALS FOR NEW RATING SCHEME			
Calculations based on two-adult household			
LEADING GAINERS COMPARED TO COUNCIL TAX			
	Labour proposal (£)	Saving from council tax (£)	Saving from poll tax (£)
City of London	211	2,167	149
Kensington/Chelsea	302	457	156
Hammersmith/Fulham	407	648	93
Leicester	328	818	376
Greenwich	355	585	62
LEADING LOSERS COMPARED TO COUNCIL TAX			
	Labour proposal (£)	Saving from council tax (£)	Saving from poll tax (£)
Rochester	287	(252)	(92)
Broadland	415	(129)	104
Castle Point	513	(108)	33
Huntingdonshire	377	(85)	49
Chelmsford	488	(80)	36
LEADING GAINERS COMPARED TO POLL TAX			
	Labour proposal (£)	Saving from council tax (£)	Saving from poll tax (£)
Liverpool	245	457	216
Blackburn	358	405	448
Lambeth	440	403	527
Tameside	306	388	113
Rochdale	300	378	217
LOSERS COMPARED TO POLL TAX			
	Labour proposal (£)	Saving from council tax (£)	Saving from poll tax (£)
Wandsworth	265	(253)	69
Westminster	205	(133)	316
Rochester	287	(92)	(292)

Source: Labour party

## Warning on Scots EC membership

By Bethan Hutton

MEMBERSHIP of the European Community would not be automatic or easy for an independent Scotland, Douglas Hurd, the foreign secretary, warned yesterday while campaigning in Edinburgh.

"Scotland could not slide out of the United Kingdom on Monday and slide into the Community as the thirteenth member state on Tuesday," he said. "The lawyers would have a series of field days. There could be many months or years of dispute and uncertainty."

Many European countries could put obstacles in Scotland's path as they would be reluctant to set a precedent for their own potential break-away regions, he said.

Destroying the union would be "an act of unparalleled vandalism," said Mr Hurd. He also attacked Labour's plans for devolution while retaining the level of Scottish representation at Westminster as "overwhelmingly self-serving."

Mr Hurd launched at Scottish Life assurance, one of the Scots life business that has expressed fears over independence for Scotland.

At the Eric Liddell Centre, Mr Hurd's polite interest in babies did not sway a group of mothers. "I'm voting SNP," said one after he left.

## Embarrassment at leaked letter

By James Buxton, Scottish Correspondent

THE Tory campaign in Scotland suffered intense embarrassment yesterday when Labour produced what appeared to be a letter from Mr Ian Lang, the Scottish secretary, to Mr John Major in which he spoke of using the Scottish National party to split the Labour vote.

The letter, written on Scottish Office paper on March 3, also revealed disagreement between Mr Lang and Mr Major over election tactics. The key passage reads: "It is almost as important to us to keep the SNP at bay as it is to use them to split the socialist vote."

Mr Donald Dewar, flourishing the letter at a press conference in Glasgow, said it showed that although Mr Lang had always claimed that preserving the union was his overriding aim, he was prepared to gamble its future "in a desperate attempt to contrive his political survival."

Mr Lang refused to comment on the letter, in which he argued for the publication of a Scottish Office booklet. The booklet sets out more authoritatively than before how much money Scotland receives from Westminster and how much it contributes in tax.

It demonstrated that Scotland's political position is substantially higher expenditure per head than other parts of Britain, and suggested that revenue raised

in Scotland was about £4bn less than the £22bn spent.

In the letter Mr Lang told Mr Major that he was "disappointed" that the prime minister and Mr Norman Lamont, the chancellor, had reservations about publishing the booklet. "We are engaged in a complex exercise to outflank three other parties. This initiative could score against all of them."

He said it would be difficult for Labour to discredit the booklet because it needed the arguments to attack the SNP. The booklet would also help refute the SNP's budget proposals.

Mr Lang ends: "So with apologies for persisting on this occasion, I would ask you to reconsider publication while there is still time."

The booklet was published on March 9 at only a few hours notice and achieved much prominence in the Scottish media.

Mr Paddy Ashdown, the Liberal Democrat leader, continued the hectic pace he has set himself in the election, campaigning on his housing policy in inner-city Liverpool Broadgreen where he took on Militant extremists supporting Mr Terry Fields, who was expelled from the Labour party to do the same.

Mr Ashdown who is thankful that his party has not been

## One man with a mission to win

Ivo Dawney says shadow chancellor John Smith is crucial to Labour

IT WAS the moment when Labour's 1992 campaign revived its engines at the start of the electoral runway and prepared for take off.

Everyone in that crowded Westminster lecture hall on Monday knew that a single overlooked technical glitch in the shadow Budget could start the party off with a potentially fatal belly-flop. Yet, under the scrutiny of the sceptics, Mr John Smith's bird flew.

Seldom, if ever, can an election campaign have depended so much on a single event or the personality of a single individual. Yet with the economy, tax and spending at the very core of the election, the shadow chancellor has already proved an asset at least as crucial to Labour as Mr John Major is said to be for the Tories.

This is not to say his Budget is flawless. Economists have criticised the wisdom of its tax bands, its impact on the not-so-rich and a number of evasions in the fine print.

But the very fact that yesterday - five days after it was unveiled - the Conservatives were promising to dedicate all their firepower, "day after day, on and on and on" as one campaigner put it, to discrediting his prescriptions is a weighty tribute to its political acuity.

Alongside his frontbench colleagues, Mr Smith is a howler among arguers. His stocky physique and owl-like features exude a confidence and power that lend much-needed gravitas and morale to the entire Labour team. He is comfortable with himself and appears wholly undaunted by the prospect of taking on a post that has defeated so many.

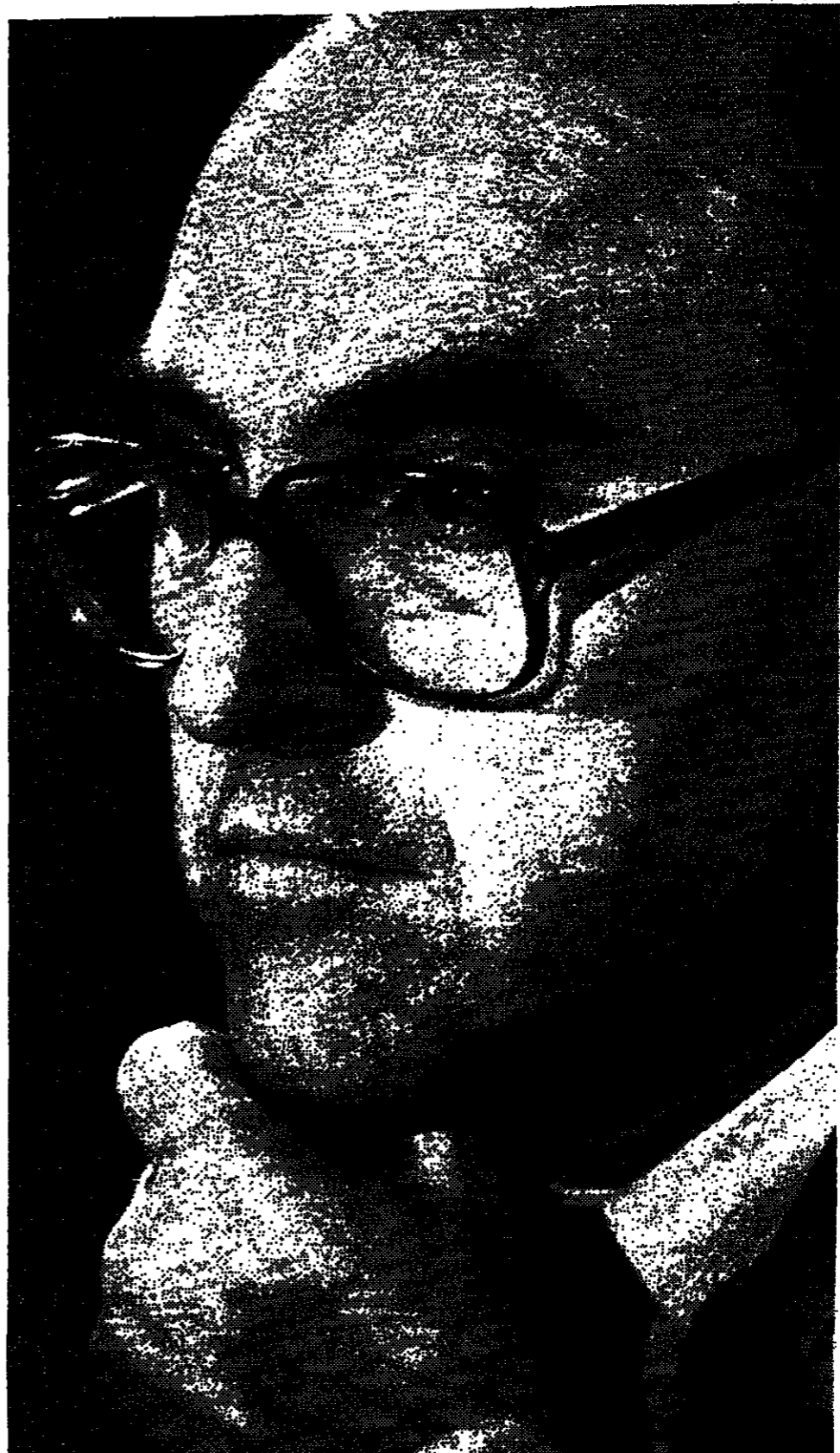
Much has been written about the shadow chancellor's reassuring Scottish burr and bank-manager demeanour. But his public image is now a critical component in the campaign. No other member of Labour's shadow cabinet could have delivered a shadow Budget that added to, not detracted from, Labour's credibility.

If Mr Neil Kinnock pledges that Labour will not devalue the pound, he is largely ignored. If Mr Smith does so, he is at least given a serious hearing.

When Mr Norman Lamont says Labour will put up taxes, interest rates and inflation, and Tory posters argue "You can't trust Labour", a camera shot of Mr Smith's contemptuous disapproval is the Opposition's most effective reply.

The FT-Mori poll of businesses' attitudes this week showed that clear majorities believed a Labour government would raise interest rates, devalue the pound and put a brake on investment. Yet Mr Smith out-pulled Mr Lamont by 45 points to 39 points as likely to make the better chancellor.

That conundrum is hard to explain. One merchant banker suggested yesterday that while some dislike Mr Smith's vocal championing of such redistributionist policies as a national minimum wage, there is a con-



A lot on his hands: John Smith's confidence and power give Labour much-needed gravitas

viction in the City that he is, as Mrs Thatcher said of Mr Mikhail Gorbachev, "a man we can do business with." There is less confidence, however, in the company he keeps.

The MP for Monklands East has had plenty of time to hone his act. He has been deployed, not just on the City's prawn cocktail circuit of boardroom lunches but in Europe, Japan and the US.

This week his lawyer's

debating skills were targeted at radio and television audiences. In his Panorama debate with Mr Lamont, he was widely credited with looking more convincing.

On party election broadcasts and throughout the campaign, he will be systematically used to promote Labour's image as a government-in-waiting.

If Mr Kinnock fails to cross the threshold of 10 Downing Street, there is no question

that his shadow chancellor will run for and, barring unforeseen disaster, win the Labour leadership. Though an old-fashioned rightwinger, his genuine indignation at poverty and his lack of "side" has won him strong support even on the hard left. As Mr Ken Livingstone said earlier this year in the ultimate tribute to Mr Smith's political skill: "The thing about John is he has no real enemies."

## Ashdown in clash with Militant

By Ralph Atkins

MR PADDY Ashdown, the Liberal Democrat leader, continued the hectic pace he has set himself in the election, campaigning on his housing policy in inner-city Liverpool Broadgreen where he took on Militant extremists supporting Mr Terry Fields, who was expelled from the Labour party to do the same.

Mr Ashdown who is thankful that his party has not been

squeezed by Labour or the Tories in the first week of the campaign, said that had been a test of the government's anti-inflation strategy.

He said: "Anybody can bring inflation down by stopping the economy dead in its tracks."

He called for an independent central bank and for sterling to be moved to the narrow band of the exchange rate mechanism to bear down on inflation

while freeing councils capital receipts to kick-start the construction industry.

Later at his official adoption meeting in his Yeovil constituency, Mr Ashdown complained of the "arrogance" of the Labour and Tory parties "who have spent these last weeks and months of their campaign not debating about the future, but arguing about the past."

He stressed again his theme

of the week - that only the Liberal Democrats offered hope because they are prepared to take tough measures to combat the recession.

"The Liberal Democrats are the only party in the election which has recognised the seriousness of Britain's current situation. There is a real danger that, under either of the two other parties, that situation could well become catastrophic," he said.

## Quotes of the day

I think the House of Lords ought to be abolished and I don't think the best way for me to abolish it is to go there myself  
Michael Foot

Sometimes I seriously doubt his political allegiance  
David Blunkett of his guide dog, Offa, who tried to lead him offstage

He's like a mechanical man speaking to an audience of well-dressed waxworks  
Denis Healey on John Major's rallies

Income tax cut to between 10p and 20p in the pound, VAT phased out, benefits for companies with a six-hour working day for employees, transcendental meditation at all levels of higher education, a disease-free society through preventive medicine and invincible defence through the creation of harmony in world consciousness

Highlights of the Natural Law Party manifesto

For a generation we Scots have been the givers (grumblers) and whingers of the United Kingdom, always complaining about what's being done to us. It's time now that we faced the responsibility that rests on our shoulders  
Jim Sillars, deputy leader of the SNP

I like the man because he's been there and done it. He's seen life on the streets  
Russell Martin, first time voter in the West Midlands giving his opinion of John Major

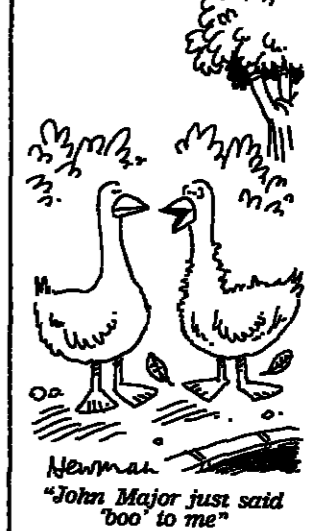
Mr Major will always be Mr Nice  
Norman Tebbit

There is no credit in achieving lower inflation than Germany for one month when Britain is in the depths of recession and Germany has just reached the top of its boom  
Alan Beith, Liberal Democrat Treasury spokesman

The Royal Navy will face massive cuts under the other two parties, that is clear  
Tom King

Down below hard-style socialism has been brooding and bubbling. Now it is coming to the surface. Rent-a-mob in Bolton market, mug-the-middle incomes on the Treasury steps

John Major



## FT Election Share Index



● Labour win/Conservative defeat stocks... 99.26 - 0.37  
● Conservative win/Labour defeat stocks... 93.42 - 2.12  
● FTSE... 97.37 - 0.45

SHARES that might gain from a Conservative win again dropped sharply yesterday, while Labour gainers dropped by less than the market as a whole.

Conservative gainers - the shares of companies that might suffer from Labour party policies - are now 6 percentage points below their announcement-day level. Some have dropped much more: BET, the conglomerate, has fallen by 18 per cent since March 11, and National Power, the recently-privatised generator, by 12 per cent.

## Covering up the tracks of privatisation

Richard Tomkins on the background to the Tory's change of heart over British Rail

BRITISH RAIL'S branch line to the Cornish fishing village of St Ives is a poor advertisement for the Conservatives' record on the railways.

Granted, the 4½ mile spur off the London-Penance main line at St Erth scores highly on scenic merit as it rounds the bird sanctuary of Leland Saltings to reveal a panoramic view of St Ives Bay. But the train that runs on it is a museum piece. Comprising one rattling, rumbling, 35-year-old railcar, it is quaintly described in BR-speak as one of its "heritage" trains. In anybody else's language, it is clapped out.

The once-bustling station at St Ives has been razed to make way for a car park. There are no station staff, and the only shelter for passengers is a rude hut - a description taken all too literally by those who have adopted it as a public urinal.

Under this scheme, the railways will remain in state ownership, but private sector operators will be allowed to run trains on BR tracks. They will also be invited to bid for franchises to take over the operation of existing BR services - or possibly groups of services, such as the old Great Western

they serve the fear of closure is never far away.

It is against this background that the Conservatives have backed down on promises to privatise BR. Voters know that it is not just the branch lines that lose money for all BR's economies and productivity improvements, only a handful of its busiest InterCity services turn in a profit. Talk of privatisation is indivisible from fears that the private sector would swiftly eliminate loss-makers.

Thus, after months of promising a white paper on BR's privatisation, the election has obliged the Conservatives to renege. Significantly, the railways section of their manifesto published this week avoided any mention of the word privatisation. Instead, it offered the rather less threatening notion of franchising.

Under this scheme, the railways will remain in state ownership, but private sector operators will be allowed to run trains on BR tracks. They will also be invited to bid for franchises to take over the operation of existing BR services - or possibly groups of services, such as the old Great Western

Railway routes out of London Paddington.

The Conservatives emphasise that the idea is to increase the use of the railways. Subsidies for loss-making services will continue to be provided where necessary and "arrangements to sustain the current national network of services will be maintained."

For the electorate, the promises may have come too late. Conversations with passengers on a railway journey through the West Country suggest that the privatisation of BR is an idea too closely associated with the Conservatives for them to be able to shrug it off three weeks from an election.

On the 10.21 from Exeter St David's to Penzance, Mr Derek Fisher, a self-employed photographer from Bristol, is as firmly convinced that the Conservatives will privatise the railways as he is that it will be a disaster. "There would be 50 per cent less railway lines than we've got now. All the branch lines would go, for a start, because people would start looking at them from a monetary point of view," he says.

Mr Don Nowell, a civil engi-

neering inspector from London, says: "Something has got to be done about the railways... but for the Conservatives to hand them over to their friends for their personal gain is not the answer. I'm nearly 65 now, so I remember the old days of the railways before nationalisation, and I can tell that they were an absolute bloody shambles compared with what we've got now."

Sensitivities grow stronger as the train enters Cornwall. This far-flung part of the country feels forgotten and ignored by Westminster and Whitehall. With fishing and the mining long supplanted by tourism as the area's most important industry, it sees good communications as crucial to its economy.

The branch line to St Ives is a case in point. Its existence at this time of year appears an absurdity. Yet in the summer the trains are packed with day trippers.

Mrs Betty Oldbury, a retired teacher, says the railway is a lifeline for St Ives - not just for tourists, but for local people. "After all, we haven't all

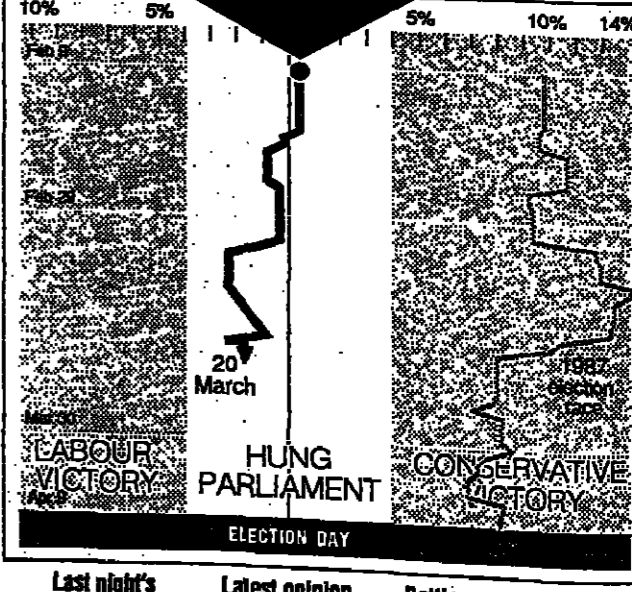
got cars," she says. "People here are nervous about what the government will do next."

There is even greater anxiety over the Cornish main line. Passenger loadings on the InterCity trains through the county are light outside the summer season, and there is a strong suspicion that a profit-driven private sector operator would terminate trains at Plymouth, reducing the Cornish section to branch line status.

Feelings run high on this issue. To sever the main line would be like sawing Cornwall off and casting it adrift, say locals. Mr Peter Moore of Cornwall County Council's surveyor's department, says: "It would cause a riot."

Whether the fears are strong enough to influence an election is another matter. "Nothing that stopped the trains at Plymouth would get my vote," says Mr Martin Evans, a Truro solicitor. That may not be the uppermost factor in his mind on April 9, but with three vulnerable seats to defend in Cornwall, it is a risk the Conservatives could have done without.

## Who leads in FT poll of polls



\* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls and those that omit sample size or field dates. The graph compares the parties' leads at moves left, Labour leads. The Tories lead if it goes to the right.

## UK NEWS

## ELECTION 1992

# Tories keep up tax attack on Labour

By Alison Smith and Andrew Jack

LABOUR'S tax proposals will continue to be the Conservative party's main target as the second week of the election campaign gets under way.

Mr John Major, the prime minister, made this clear in his adoption speech in his constituency last night, when he described Labour's shadow Budget as "the tip of a gigantic iceberg".

His attack came as the Conservatives prepared to publish today a new costing of Labour's manifesto promises. Previous Conservative estimates of Labour's programme - at £35bn and £37bn successively - have been ridiculed by Labour.

Yesterday, Conservative Central Office hit back at Labour's blueprint with a critique of the impact of the tax

proposals in the shadow Budget.

The eight-page Tory document argues that those who gain under Labour's proposals will benefit by a small amount, while many middle-income families will lose. It says top rates of tax in other European countries affect only those on very high incomes.

"Most of it is factual," said Mr Steve Webb from the Institute for Fiscal Studies, though he said the statistics in the document did not give the whole picture.

The Tories quote the institute as saying that families would on average be £1.56 a week worse off under Labour than under the Conservatives' Budget proposals. But Mr Webb says other institute calculations show that 40 per cent of families would be better off

under the shadow Budget, while 17 per cent would gain under the chancellor's Budget.

The document ridicules the idea that Labour taxes would take from the rich, and suggests that many "ordinary middle-income families" will suffer.

It quotes from the government's April 1991 New Earnings Survey figures, which show that the proportion of the population earning over £360 per week was 23.7 per cent in England as a whole, 38.4 per cent in the south-east and 45.1 per cent in Greater London.

But these figures are for full-time adult working males, and do not take women into account. The proportion of full-time working women earning over £360 a week in Greater London, for example, is only 19.9 per cent.

## How proposals compare

By Edward Balls

EUROPE, a touchy subject for both main parties, has hardly been mentioned in the campaign. Neither Labour nor the Tories has an interest in opening old internal wounds. But this has not prevented both sides from exploiting European comparisons.

On Thursday, Labour had made much of the UK's relatively high unemployment rate - only Spain and Ireland have a higher rate. Yesterday was the Tories' turn. Conservative Central Office retorted with an attack on Labour's shadow Budget, claiming that it will raise the tax burden for upper income earners relative to the rest of Europe.

Making claims about differences in cross-country tax structures is easy, but actually producing the evidence to prove or disprove the claims is horribly difficult.

The complexities of the UK tax system are nothing when set against the arcane French and German social security tax structures. Moreover, internationally comparable and up to date

figures on incomes earned or taxes paid are hard to find.

Labour's tax plans, the Tories argue, will keep a heavy proportion of the tax burden on middle-class tax payers. The chart above compares the marginal tax rates, including national insurance contributions, that will face a single earner under Tory or Labour tax plans compared to marginal tax rates in Germany.

Marginal tax rates usually measure the amount of tax a single person pays on each extra pound, D-Mark or franc earned. This lower section of the chart shows alongside is unusual because it stretches and compresses this money income scale to show the marginal tax rate faced by the poorest 10 per cent of wage earners, the median group of wage earners and on up to the richest 10 per cent.

The top tax rate under Labour is higher than under the Tories or Germany. But the striking feature is the relatively high marginal tax rates faced by lower and middle

income German tax payers compared to those expected under either a Labour or Conservative government.

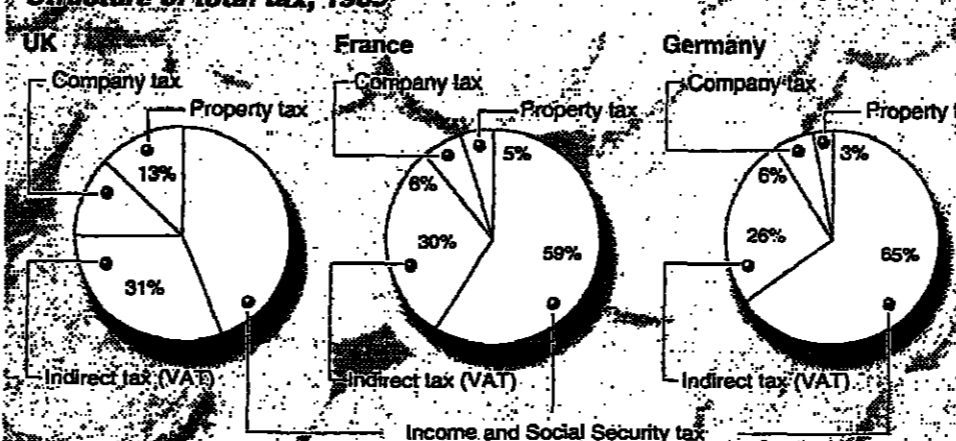
The remaining charts provide a historical perspective on the current debate. The UK, compared to France and Germany, has been relatively lightly taxed throughout the 1980s. Total UK tax burden as a percentage of GDP was 40 per cent in 1980, marginally higher than in 1989 - the Tories' first full year in office.

The UK has also traditionally raised less of its total tax incomes from personal income and social security taxes than in other European countries, instead taxing companies and property more heavily as the other charts show.

For much of the 1980s the personal income tax burden was more evenly shared in the UK than elsewhere in Europe. In 1987, the richest 10 per cent of UK households paid 43.4 per cent of total direct taxation compared to 53 per cent in Germany and 60 per cent in France.

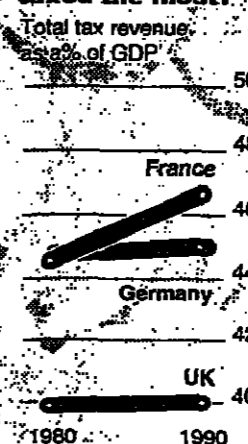
### Who pays the most tax in Europe

Structure of total tax, 1989



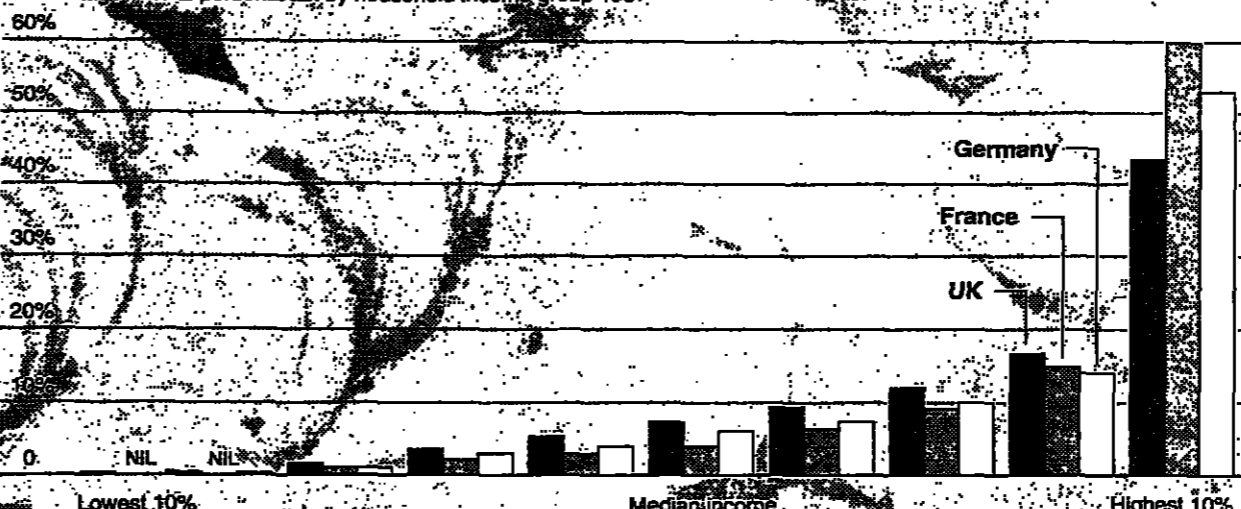
Which country is taxed the most?

Total tax revenue as % of GDP



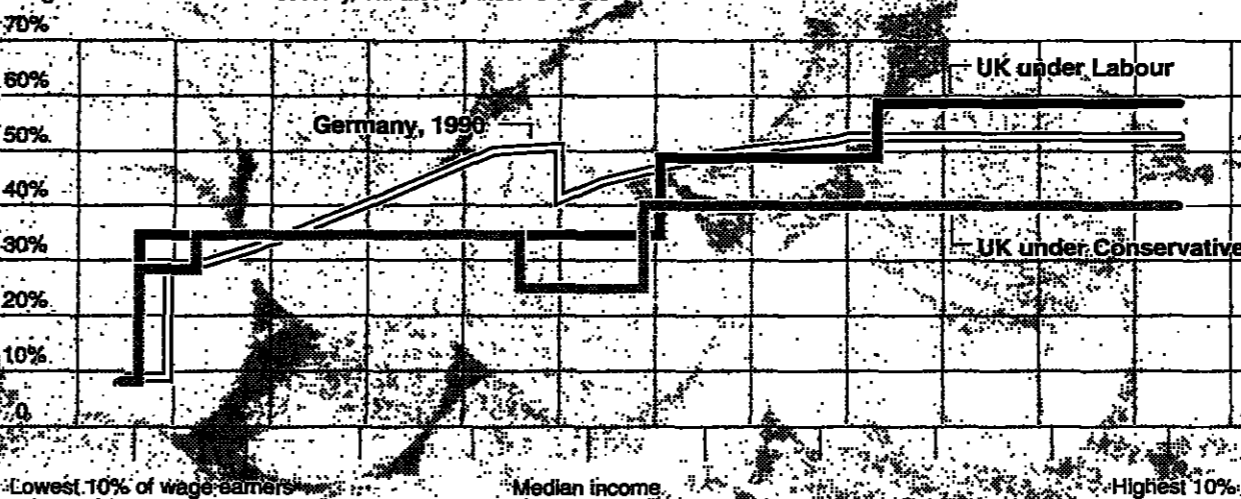
How evenly is the tax burden shared?

Percentage of total personal tax by household income group 1987



Who will pay at what tax rate?

Marginal income and social security tax rates by income decile



Source: OECD



The Martins, the FT's family of floating voters introduced last Monday, have been unswayed by the first week's campaigning

## Viewers left cold by heated polemic

THE FIRST week of the campaign has done nothing to clarify the issues and the Martins one way or the other. If anything, the question has been made more complicated by the heat of polemic and by the rush of contrary promises.

But the parties' portrayal of themselves and their personalities through television has been reaching Lyn and Tony and their son Russell, who is voting for the first time.

**Paul Cheeseright** pays his second visit to the Martins, a family in the west Midlands. When the campaign started, they had not decided who they would vote for

The Liberal Democrats' attempt to push Mr Ashdown forward as a civilising political influence clearly attracted Russell. "He's the thinking man's politician," said Mr Major has come across just as intended: the man who someone understands. "I like the man because he's been there and done it. He's seen life on the streets," said Russell.

Yet they like Mr Kinnock more than previously. "Neil Kinnock has changed his image in the last few days," said Tony. "He got a bad press early on. He's mellowed his attitude."

"He's talking to you instead of at you," noted Lyn, with implied approval of Labour's pitch that the party is not just Neil, but Neil at the front of the team.

And because the Martins want to be talked to, to be reasoned with, they are getting pretty fed up with the hectoring of the campaign. "Some of the programmes that have been on the TV, ridiculous," snorted Tony. "They're just slugging each other off."

All one is concerned about is knocking the other one," added Lyn, with particular reference to the televised confrontation between Mr Roy Hattersley and Mr Michael Howard on Central TV last Monday, with Mr Tom McNally of the Liberal Democrats stuck in the middle.

Monday was also the day of Labour's alternative Budget. The Martins had been dismissive of Mr Lamont's real one and they were not much more complimentary about Mr Smith's effort. "Both parties are doing something about the taxes," Lyn acknowledged.

But, comparing the two, "there wasn't a lot in it as to how it would work out for us."

That is largely because, with a gross income of around £20,000 between them, Lyn and Tony are neither poor enough nor rich enough to be much affected by tinkering with the tax of either the low-paid or the high-paid.

Russell, though, likes Labour's plan for 50 per cent tax on incomes over £40,000. "That is a really good idea. It helps even things out a bit."

By Thursday, the concern of the Martins had swung back to schools, if only because they spent the evening at a parent-teacher meeting on behalf of Westley, 14, their second son. He goes to Lyndon School in Solihull. Lyn and Tony are very happy with both Lyndon and St Margaret's Church of England Primary where, Keeley, 10, their daughter goes.

This means they are ambivalent about the sort of changes Conservative policy might bring about. They have no problems about the core curriculum and enthusiasm about spending more on education. But opting out is more difficult.

"If they did want to abolish local education authorities, they'd still have to have a group to manage the schools which are left," said Lyn.

All of which bore out the general point that, as Lyn said, "each party has a good point or a few good points." And that led Tony to conclude, "I think it's going to be close."

# Middle managers could still work under Mr Smith

If Labour wins, would its tax increases demotivate managers and damage the economy? Cedric Sandford thinks not

BY RAISING the top marginal tax rate for employees from 40 per cent to 59 per cent, Labour's tax increases are almost a mirror image of those in Mr Nigel Lawson's 1988 Budget, when he cut the higher rate of income tax from 60 per cent to 40 per cent.

A research study on the effects of the 1988 cuts provides some clues to the likely effect of Labour's proposed increases. The study by the late Professor Chuck Brown and the author was based on interviews with 316 accountants in private practices spread across London, the south-west and mid-Scotland. The response rate was 69 per cent.

Accountants were chosen because they were mostly higher-rate taxpayers, knowledgeable about tax and in a position to vary their workload.

They were asked whether there had been any change in their working hours, holidays, the amount of work taken on outside the practice and the amount turned down in the practice. Those over 45 years old were asked about any changes in retirement plans.

The interviews took place in 1989-90 and the questions concerned the year before and the year after the 1988 Budget. In the initial stage, tax was not mentioned by the interviewer.

On balance, there had been more hours worked, more holidays taken and more work turned down. Of those who had changed their retirement plans, five times as many were proposing to bring forward their retirement as to postpone it.

However, only seven out of 316 gave tax as a reason for the change in behaviour, and these were almost equally divided

between those for whom tax cuts had provided an incentive and those for whom the opposite was true.

At the end of the interviews, respondents were asked direct questions on the effects of the tax cuts on their behaviour and on that of their clients. Nearly a quarter of accountants whose tax rates had fallen by at least 5 per cent said they had spent more and a similar proportion said they saved more.

On clients' behaviour, the most significant response was that 30 per cent said clients were now less concerned with tax avoidance and more concerned with the economic merits of investment decisions.

How far can these findings be reversed in respect of the Labour party proposals? Clearly, the work is not the same as it was in 1988; nor are Labour's proposals a precise

reversal for top income-tax payers of the 1988 cuts. Nonetheless, the 1988 findings are very relevant.

There is no reason to doubt the central message of the 1988 findings - that there will be some disincentive effects and some incentive effects - but the net effect on work effort is unlikely to be significant. This conclusion is supported by earlier research findings.

Many of the "middle managers" about whom top business men have spoken with such passionate concern, may well wish to work more, not less, in order to pay their high mortgages and their school fees - if, that is, they are in a position to increase their pay by working more.

Of course, many managers cannot respond in this way. This is less true for the self-

employed, but so far Labour has made no proposals to raise their national insurance contributions. The top marginal tax rate for the self-employed under Labour would be 50 per cent, not 59 per cent.

It is also necessary to maintain a sense of proportion. Even at 59 per cent, the combined rate of National Insurance contributions and top income tax would be lower than the rate which has applied at any time since the second world war, except for the period 1988-92.

On the other hand, many other countries have cut direct tax rates in recent years: 59 per cent represents a relatively higher rate in 1992 than it did in the early 1980s.

Our analysis suggests that the most potentially damaging effect would be to increase tax avoidance, which might distort investment patterns, as well as

reducing expected tax revenue. The tax avoidance effect, however, should be mitigated by the fact that returns on savings and investments will not be affected by extra national insurance contributions: the proposed top rate on investment income is 50 per cent.

In recent years, many tax-avoidance loopholes have been closed, and since Labour plans to tax almost all fringe benefits to employers' national insurance contributions, one obvious potential opportunity has also been discouraged.

But Labour has not said what it proposes on capital gains tax (CGT). If it continued to be charged at the taxpayer's top marginal rate of income tax (59 per cent), it would be exceptionally high by international standards, and would be likely to encourage investors to lock in to their investments, to

the detriment of capital mobility.

On the other hand, if the link with income tax were broken and capital gains tax left at a maximum 40 per cent, new possibilities of tax avoidance - through conversion of income to capital gains - would emerge. But too much should not be made of this. Because of the separate CGT threshold, the present link is not watertight; and, throughout most of the life of CGT we have lived with much bigger differences between the rates of income tax and CGT.

All in all, the evidence from our study suggests that the increases proposed by the shadow chancellor would be highly unlikely to cause significant disincentive or other serious detrimental effects.

Professor Sandford is the former director of Bath University's Centre for Fiscal Studies.

## Inspiration from meditation plan

By Gary Mead, Marketing Correspondent

A NEW party entered the election race yesterday, spending about £1m on full-page national newspaper advertisements and promising to field candidates in all 651 constituencies.

The Natural Law Party, launched less than a week ago, bases itself on the teachings of the Maharishi Mahesh Yogi, the founder of the Transcendental Meditation programme and two universities.

Party official Mr Peter Warburton yesterday declined to give any details about financial backers.

He said the party, whose lengthy manifesto was published in national newspapers yesterday with photographs of 118 election contenders, would have candidates for all 651 seats by next Wednesday, which is the final date for registration.

The candidates would be putting up their own deposits.

Mr Warburton said the party's aim was to introduce an ideal system of administration to the country.

Although that might seem idealistic, the party would implement very practical measures to achieve that aim.

Mr Warburton hoped that the party would be granted a party political broadcast. It had met one of the conditions to qualify by fielding more than 50 candidates.

Mr Warburton refused to comment on plans for further advertising, though he said that the party had formed a nationwide fund-raising organisation called The Heaven on Earth Club.

He said the party depended on unnamed well-wishers for donations, including about 180,000 people in the UK who have studied transcendental meditation under the Maharishi's guidance.

The party has a slogan - "Only a new seed will yield a new crop" - and its symbol is a rainbow.

Its leader is Mr Geoffrey Clements, who holds the post of professor of physics at one of the Maharishi's universities.

## Sheridan does it from prison

There will not be a news conference to match that being staged on Monday by Tommy Sheridan, the anti-poll tax campaigner standing for Glasgow Pollack. Sheridan is holding it inside Saughton prison, Edinburgh, where he is serving six months for breaching a court order.

The Representation of the People Act obliges the prison to give parliamentary candidates in jail the same facilities as any other candidate, so the TV cameras will be allowed in. Sheridan is also allowed to use a mobile telephone and has some access to the prison fax machine to issue his manifestos, which boast of his record of "standing up for the poor." His election agent is able to visit him in prison as often as he wants.

Sheridan is standing for Scottish Militant Labour, an offshoot of Militant, and his backers say they are making headway in the bleak housing estates of the Labour safe seat on the south side of Glasgow.

The 27-year-old candidate was jailed for breaching a court order banning him from

disrupting warrant sales - sales of the possessions of those who had not paid the poll tax.

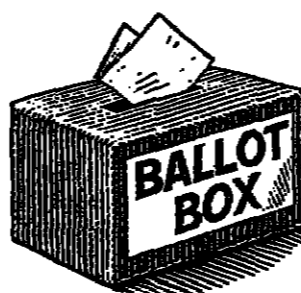
The last person to stand for parliament from prison, in 1981, was Bobby Sands, the IRA hunger striker. Sheridan's supporters prefer the example of John MacLean, a Red Clydesider who stood from Peterhead prison in 1918.

### Healey's pips

Denis Healey offered to pay £10 on BBC Breakfast News yesterday to anyone who can prove that he said "I'll squeeze the rich until the pips squeak" when he was chancellor of the exchequer. We can't do that, but we can offer the original image: "We will get everything out of her that you can squeeze out of a lemon and a bit more... I will squeeze her until you can hear the pips squeak." That was Sir Eric Geddes as first lord of the Admiralty in 1918. He was talking about Germany.

### The day after

Neil Kinnock's green credentials may come under early strain if he wins the election. The Labour party leaders down to appear in a United Nations rally at Westminster Central Hall in support of the Earth Summit in Rio on April 10. A victorious Kinnock might have more



pressing engagements on his hands. One of his fellow speakers is scheduled to be Faddy Ashdown, who may also be otherwise engaged - bargaining with Kinnock perhaps.

Michael Heseltine is billed to appear as well but, unlike the others, he is described as "invited but yet to confirm". Does this mean that the environment secretary is more confident about the election outcome than the others - or less?

### Silver service

Belton House has finally got its silver back. When Mrs Thatcher became Prime Minister, she was appalled at the poor quality of the porcelain and plate on hand at Downing Street to service visiting world leaders. She coveted the fabulous 18th

century Brownlow silver, the pride of Belton House, an ancestral seat close to her Grantham home.

Lord Brownlow was only too happy to oblige and loaned some of the service to Number 10. Then, a few years later, he decided to become a tax exile and sold up, with the National Trust acquiring both house and contents. The Trust was shy to ask Mrs Thatcher for its silver back, but once John Major was installed in Downing Street there was no problem. He has commissioned modern British crafted silver and was happy to send back the antique stuff.

The National Trust has discovered that the silver has been well used. When the public sees the collection from April 1, it will be easy to spot the pieces off which the famous fed at No 10.

### Old pro

The Liberal Democrat candidate in Sunderland North, Vic Halom, has fallen on his feet. The city football team has reached the semi-final of the FA Cup. Halom was a member of the side when Sunderland last won the final in 1973.

### Silent Mudd

David Mudd, whose decision not to seek re-election as

Conservative MP for Falmouth and Camborne provoked little comment, could have left Westminster with more of a bang.

He has revealed that he resigned the Conservative whip in February last year in protest against the government's refusal to help the Cornish tin industry. Mudd did not announce his decision to break away from the Parliamentary party and sit as an independent Conservative at the time.

A former journalist, Mudd says he did not wish to rock the boat for Sebastian Coe, the Olympic gold medalist who had already been adopted as the prospective Conservative candidate for the constituency.

### Real oratory

Michael Foot explained on Channel 4's *A Week in Politics* last night why he will become the first leader of the Labour Party since the war to retire from the Commons and not go to the Lords. It is not just that he wants to abolish the upper house.

"There are other places to speak," he said. "Hyde Park Corner or Tower Hill where Donald Soper speaks, lots of good places to speak, much better than the House of Lords. Much better audiences at any rate."

## FINANCIAL TIMES

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Weekend March 21/March 22 1992

## Labour's tax error

IF THERE is little to separate the main parties in their overall economic stance, the same cannot be said for personal taxation policy. Now that both parties have published detailed budget plans, voters can choose between two clearly diverging approaches on taxation.

Whichever party wins the election, most employees will continue to pay tax at a marginal rate of 34 per cent: income tax at 25 per cent, plus 9 per cent national insurance contributions (NICs). If the Conservatives are re-elected, the top rate of tax on income and capital gains will remain at 40 per cent, at the bottom of the range for EC countries.

This structure was put in place by Mr Nigel Lawson's 1988 budget and has created a simpler and more transparent tax system. Distortions have been reduced by eroding the differences between the tax treatment of income and capital gains and between corporate tax and income tax. Together with the gradual elimination of many tax breaks, the ground has been greatly cut from under the tax avoidance industry.

It is a pity that nothing has been done to remove the dip in marginal rates from 34 per cent to 25 per cent at the £21,000 upper earnings limit for NICs. And the chancellor's proposal for a new lower rate income tax band of 20 per cent, while it may have seemed politically astute, will yield small benefits for taxpayers on low incomes while creating an administrative tangle. If he wants to help those on low incomes, Mr Lamont should steal Labour's clothes and replace the 20 per cent band with higher personal allowances.

### Sharp change

However, the Conservatives deserve credit for having modernised and streamlined the UK tax system since 1979. Labour, in contrast, would introduce a sharp change of direction, with a significantly redistributive programme which requires a return to much higher marginal rates. To raise almost £500 of additional revenue, an additional 50 per cent tax rate would be introduced on earnings in excess of £40,000 a year, and the NIC upper earnings limit would be removed. Labour's plan adds another 9 per cent tax to all earnings over the limit. For employees, there would be three tax rates: 34 per cent on taxable income up to £23,700; 49 per cent on taxable income between £23,700 and £36,375; and 59 per cent on the rest.

A top rate of 59 per cent is not so very different from

those charged in countries such as Germany and France. And even in the UK, the top rate of tax was 60 per cent until 1983. But the higher rates would bite at much lower income levels than abroad or even in the 1970s, when Mr Denis Healey squeezed the rich. Taxpayers on less than twice average earnings would start paying tax at 49 per cent and the new top rate of 59 per cent would bite at less than three times average earnings. There would be far fewer of the exemptions and tax breaks which made Mr Healey's even higher tax rates largely fictional.

### Salary inflation

The Conservatives will rightly make much of the impact of such an increase in taxation. While there are arguments about the impact on incentives, a higher tax regime will not encourage an "entirely new" culture. Salary inflation is inevitable. And the effect of such tax rises on the budgets of the 17 per cent of households which would face them would be very painful. It is inconceivable that this would not have a delaying effect on economic recovery, especially in the already depressed housing market.

The purpose of the shadow budget was to defuse what the Conservatives have dubbed "Labour's tax bombshell" - the fear among voters that Labour would put up taxes across the board. By demonstrating to the majority that they have nothing to fear from a Labour government, it may have done the trick. But as the details sink in throughout the more affluent areas where it will bite hardest, the increases could deny Labour victory in key marginals. The proposals do, after all, offer a strong incentive to a quarter of voters in London and the south-east not to vote Labour. If that happens, Mr Smith's tax gamble will have failed, and Labour will pay the price for its misjudgment.

Labour's strategists would be wise to think beyond such immediate electoral considerations. There is an implicit contract between government and taxpayers that sudden, large increases in taxation should be avoided. A blind spot on this point led to the poll tax blunder. Labour appeared to recognise the argument in its policy review documents, when it promised that tax changes would be introduced in ways which did not disrupt household budgets. Mr Kinnock still has time to fulfil that pledge. If he fails to do this, wavering voters will conclude that he should not be the next prime minister.



In his office on a corridor labelled "Rabbit Run", off Dornmouse Drive, Mr Robert Fitzpatrick, president of Euro Disney, is adamant that he will not be blackmailed.

Sixteen French building contractors say that Euro Disney owes them money. Some have issued veiled threats they will disrupt Euro Disney's grand opening on April 12. Mr Fitzpatrick is examining their claims. But, he says, "I think it is important to tell these companies they can't get away with sloppy work."

The outburst is angry, but uncharacteristic. Generally, Mr Fitzpatrick is as unfappable as the floor-to-ceiling Mickey Mouse tapestry on the wall of his office at the nearly completed resort at Marne-la-Vallée, 32km east of Paris. The 16 companies aside, he is delighted with the progress of Euro Disney. He has reason to be.

He will not need to reset his brightly coloured "countdown to the magic" wristwatch which tells him how many days there are until the opening. Large construction projects, such as the Channel Tunnel, almost always open late, having overshot their initial budget. But Euro Disney, Europe's largest leisure complex, featuring such attractions as the Big Thunder Mountain Railroad and Dumbo the Flying Elephant, is set to open on time and to its budget of FF22bn (£2.26bn).

In the five years since Disney, the US film, entertainment and merchandising giant, signed an agreement with the French government to construct Euro Disney, it has assembled 700 contractors and an additional 1,000 suppliers to build 30 theme park attractions, a man-made lake, two riv-

### Euro Disney says it has worked hard at overcoming the difficulties posed by the gloomy Parisian winters

ers, six hotels with a total of 5,200 rooms, a campsite, a golf course and an entertainment centre. Most of the contractors had not worked for Disney before; 96 per cent were European. At peak building periods, there were up to 80 cranes on the 1,500-acre site and 11,500 construction workers.

To welcome a projected 11m visitors in the first year, Euro Disney has recruited a staff of 14,000 "cast members", representing 75 nationalities and speaking 40 languages. And this is only the start. Disney has plans for its French site which will take it up to 2017. They include the opening of 1985 of Disney MGM Studios-Europe, with film and television production facilities and a movie theme park; a convention centre; a water park; a second golf course; and 13,000 more hotel rooms.

Euro Disney has not been the only impressive performer. From the crowded, moving walkway which will carry visitors from the 12,000-space car park to the site, the roof of a brand new RER suburban-line railway station is visible. Due to open at the beginning of April, it will enable visitors to reach the park from central Paris in 40 minutes. A station for the high-speed TGV train, located inside the resort, is expected to open in 1994.

The co-operation of the French government in providing the infrastructure to serve the park has been crucial to Euro Disney's initial success. Mr Fitzpatrick says. The planning and work has continued under four prime ministers: Mr Laurent Fabius, Mr Jacques Chirac, Mr Michel Rocard and Mrs Edith Cresson. Each of them appointed an "interministerial dele-

Euro Disney must overcome the climate and competition from US counterparts to achieve commercial success, writes Michael Skapinker

## Europe joins the Mickey Mouse club

gates to ensure co-operation between Euro Disney and all the public authorities involved.

According to Mr Fitzpatrick, who helped organise the 1984 Los Angeles Olympics, a dispute with a handful of contractors is relatively insignificant in a project the size of Euro Disney.

There have been other pin-pricks. A French labour inspector has asked a judge to examine the legality of the Euro Disney Look, the company's dress code. This stipulates that cast members must wear "proper undergarments", that hair must not be bleached, tinted, frosted or streaked; that moustaches and beards are not permitted; that "due to close contact with guests and fellow cast members, the use of a deodorant or antiperspirant is required"; and that "sunglasses are a block to interpersonal communication with the guests and should be avoided when possible". Staff are told that "as a condition of your continued employment with Euro Disney, you are responsible for maintaining an appropriate weight and size".

Mr Fitzpatrick says he is confident the Euro Disney Look conforms with French law. Turning the 14,000 new employees into Disney cast members does, however, present the company with a new challenge: it has never had to manage a multinational workforce before. Its two theme parks are the US, in Orlando, Florida and near Los Angeles, employ mostly Americans. Its third park, Tokyo Disneyland, which opened in 1983, employs Japanese.

Of the European employees, 66 per cent are French, 11 per cent are British, 4 per cent are Dutch and 3 per cent are Irish. French and English are the two languages of Euro Disney. Although bilingualism is not an absolute requirement of employment, 80 per cent of the staff speak English and 80 per cent speak French.

The question of whether European employees will take to Disney's celebrated service-with-a-smile culture provokes a second flash of irritation from Mr Fitzpatrick. The quality of service at Euro Disney is already "fantastic", he says. The idea that such standards are not achievable in Europe is "a Euro-myth, a self-defeating, self-critical myth that astonishes me. It's not a question of nationality. It's a question of the company and what it values. You communicate in a thousand different ways what are the values of the company."

Mr Fitzpatrick says he leads by example. If there is litter on the ground he picks it up. He gives every appearance of living up to Disney's squeaky-clean image. It would be churlish to point out that he smokes.

Like all other members of staff, he wears an oval plastic badge, with a picture of Mickey Mouse at the top and his name, Bob, in large letters in the middle. As the Euro Disney Look says: "We are a first-name organisation." When he walks around the site, he says, French staff give him a cheery "Salut, Bob".

However, the cast members being conducted past the pine timber exterior of the Disneyland Hotel a few



weeks before opening, look anything but cheery. Squirting into a howling wind, they clutch the hoods of their coats around their faces as protection against the driving rain. And this is March. What will January be like?

The north European climate looks like being the biggest potential obstacle to Euro Disney's success. Unlike many other European theme parks, Euro Disney will be open all year round. Euro Disney says it has worked hard at overcoming the difficulties posed by the gloomy Parisian winters and unreliable summers.

Building on the experience of Tokyo Disneyland which, the company says, has to cope with even worse weather, many of Euro Disney's attractions will be indoors. Ticket booths at the

entrance to the park will be under shelter on the ground floor of the Disneyland Hotel. The park's Main Street USA will contain indoor arcades running parallel to the street.

Mr John Forsgren, chief financial officer, says that good winter attendances will be crucial to Euro Disney's success. For much of the summer, Euro Disney expects to be bumping up against its daily capacity of 60,000 visitors. Improving annual profits will therefore depend on increasing winter visitors.

In the company's first financial year, to September 1992, Mr Forsgren expects the company to be profitable after interest payments, although he will not put any figure to his forecast. Mr Paul Slattery, an industry analyst

at Kleinwort Benson in London, says that in the first year, which does not include a winter season, he expects Euro Disney to have net profits of FF246m. He does not expect much improvement in the second year, which includes both a winter and a summer season.

Mr Forsgren agrees that Euro Disney will do well to break even in the period between October 1992 and March 1993 and might make a small loss. If attendances are low in the winter, Disney will offer special events and prices to attract visitors.

The problems of the winter do not seem to worry shareholders. Since Euro Disney's hugely over-subscribed offering of 51 per cent of its equity in October 1989, the shares have shot up from FF72 to close in Paris yesterday at FF161.2. At this level they are a very expensive 130 times greater than expected first-year earnings per share.

The performance of the shares worries Mr Forsgren. "It's a bit much. We've actually been cautious with investors. We've asked people to be realistic about what we can achieve in the first years," he says.

Mr Forsgren, formerly treasurer of the parent Disney company, says, however, that communicating with European investors is more difficult than many US executives realise. "The markets in Europe are much less efficient than in the US. The process of conveying information is much slower. You don't have the security analyst coverage you have in the US. You can't assume that, having made a statement in a speech, all the major investors are going to get that message. You make a speech in London and, two months later, it's news in Germany."

He says that Euro Disney could break even with as few as 6m or 7m visitors a year. The key would be a reduction in labour costs. The high turnover in theme park staff makes it relatively easy to reduce employee numbers when necessary, he says. "Some people join with the intention of staying only for a season. Others simply decide they don't like the work. For whatever reason, it happens in a fairly new company."

Despite the economic downturn which is affecting much of Europe, Euro Disney says it is confident it will meet its first-year target of 11m visitors. Half are expected to come from France, with guests from the UK, Germany and the Benelux countries making up the rest.

Travel companies seem equally confident. P&O Ferries says it has already sold between 70 and 80 per cent of the Euro Disney holidays it has available for the first three months after opening. British Airways Holidays says it has sold about 40 per cent of its summer Euro Disney holidays and about 25 per cent of the packages available for the first year.

P&O's packages range from £50 per person a night to more than £90, depending on the class of hotel and time of year. British Airways' packages, which include air fares from the UK to Paris, range from £88 a person per night to more than £100.

Euro Disney says it expects visitors to stay for a shorter time than European guests at its US theme parks. A winter trip to Walt Disney World in Florida, already popular with UK and German visitors, is, however, not much more expensive. Packages range from £55 a night to £160.

Mr Forsgren believes that Euro Disney's main competition will come from the alternative attraction of European living rooms with television sets in them. During a grim European winter, however, the Florida sunshine might be more enticing than either Euro Disney or television. Euro Disney's stiffest competition, he might turn out to be its sister parks.

## MAN IN THE NEWS

William Purves

## Dour Scot with an empire from east to west

By Simon Davies



taste on the Peak, the island's most exclusive area.

By contrast, employees claim that Mr Purves has been known to fly economy class. He sees the Hongkong Bank as an institution where Scottish banking principles offer a good model, and hard work and loyalty are the keys to success.

The principles Mr Purves reveres include common sense, frugality and conservatism, although occasionally his puritanism can rub people up the wrong way. When the Bank of Credit and Commerce International collapsed, he angered local BCCI depositors by accusing them of greed for having been attracted by that bank's slightly higher interest rates.

His innate caution might appear odd, given that he has been associated with an ambitious programme of overseas expansion, which has taken Hongkong Bank into the US, Canada, Australia and almost Scotland - through a failed bid for Royal Bank of Scotland in 1981 - in the last 12 years. But Hongkong Bank has given

itself ample time to consider the wisdom of a move on Midland, having acquired a controlling 14.9 per cent stake in the bank more than four years ago.

The gestation of the deal had been longer still. On the day that Mr Purves's appointment as chairman was announced in December 1985, he said: "If the opportunity arose we would like to do more in Europe, but it's not something that's likely to present itself in the immediate future."

He became chairman exactly 30 years after leaving the National Bank of Scotland's Kelso branch for the Hongkong and Shanghai Banking Corporation. He had then worked his way through the hierarchy, being a rugby-playing Scotsman provided a slight edge in a bank with a strong Scots contingent. He stresses, however, that he has got where he is by dint of hard work and being fair. Few of his colleagues argue with this.

Mr Purves claims the paternalistic image of the bank is overplayed, but it clearly

expects hard work and loyalty, and it rewards them. The bank is a bit like a boarding school, with Mr Purves playing the role of a senior prefect, says one insider.

Mr Purves still calls in new trainees and makes a valiant effort to remember all their names - a significant task, as the bank has 10,000 more staff today than eight years ago. His powers of recollection are renowned and it is this, he claims, that gives people the impression he is a details man. Some, however, have criticised him for being too involved in the nuts and bolts of bank business, and not sufficiently focused on broader strategies.

The Hongkong Bank chairman wields immense power: there are no big shareholders breathing down his neck, as a result of a ruling on a maximum shareholding of 1 per cent - which will go as a condition of Midland takeover. Moreover, the board comprises mainly non-executive local businessmen, unlikely to question the bank's executive com-

mittee. But the burden on Mr Purves has been relieved to an extent, through the appointment of the deputy chairman, Mr John Gray, as chief executive of Hongkong Bank.

Mr Purves, therefore, has had more time to concentrate on the difficulties caused by the bank's operations outside Hong Kong. Hongkong Bank has allowed its overseas operations to run with a large degree of autonomy, which has sometimes backfired in the tough economic climate of the last two years. "When you put someone in charge, you should let them get on with it. But there have been problems and we have had to make changes. I have been accused of being too slow to make those changes, but you have to give people the chance," says Mr Purves. For example, Mr John Bond, a director of the bank, has been sent to the US to turn around a subsidiary, Marine Midland.

But Mr Purves says this does not reflect a change in management style. Midland Bank would, in the main, be left to run itself under the existing regime. There is speculation that Mr Purves may relocate to London to control the growing bank empire from the City; but he is non-committal, stating that he will do what his board wants him to.

But he also says he is getting old and is looking towards retirement. Friends suggest he would have difficulty parting company with his business interests completely, and for that reason might want to remain close to London.

However, although he has assumed the badges of his post as Hong Kong's most eminent corporate man, such as a company Rolls-Royce, Peak dwelling and even a share in a race horse, the social trappings do not seem important to him.

"I have other outside interests that I would like to pursue. A long time ago I was interested in gardening and bee-keeping. And I would like to have time to read," he says. But, in the meantime, he has a HK\$30bn acquisition to complete.

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## UK COMPANY NEWS

## Wilkes 66% lower at £2m after asset write-down

By Richard Gourlay

**JAMES WILKES**, the engineering company fighting a hostile bid from Petrocon, yesterday reported pre-tax profits down 66 per cent in 1991 after a large exceptional write-down of assets to be sold.

Pre-tax profits fell from £5.1m to £1.69m but at the operating level profits were only 5 per cent lower before the £2.76m exceptional item.

The company is recommending a 5.25p final dividend, giving an unchanged 10p for the year, even though earnings per share fell from 22.1p to 4.6p.

Mr Arthur Watt, Wilkes chairman, said the results were excellent given the recession.

The exceptional related to the closure of the aviation business and head office mansion. Wilkes said its bankers, NM Rothschild, had written to draw a £7.5m credit line if the bid was successful. Rothschild's corporate finance department is advising Wilkes but the bank says its lending decision was made independently based on its lack of knowledge of Petrocon.

Petrocon adviser said the bidding company was prudent and that the borrowings revealed by Wilkes in its defence document were exactly as anticipated.

Petrocon said that its final offer, worth 151p a share and valuing Wilkes at £27.5m, was generous, representing an historic earnings multiple of 33. Wilkes also stepped up its attack on Petrocon's management and in particular the record of Mr Colin Robinson, its chairman.

Wilkes said there was little evidence to suggest Mr Robinson could develop businesses and that he had simply held a company stewardship position for a sustained period.

Mr Robinson said Wilkes had been selective in not highlighting his management successes at GEC and Heron Corporation.

## Liberated Molins edges ahead

By Peggy Hollinger

**MOLINS**, the tobacco machinery and packaging manufacturer, yesterday unveiled its first set of results since the exit of hostile shareholder Leucadia, to show a 2 per cent rise in pre-tax profits to £15.5m for 1991.

The group, which has escaped five attempts in four years by hostile shareholders to win control, managed the increase through shaving interest costs by £300,000 to £2.3m. Operating profits were steady at £15.5m on turnover up 13 per cent to £155m.

Mr Michael Orr, chairman, made only the most discreet of references to the two-year attempt from the US financial conglomerate to win control. "Leucadia is behind us now and we are enjoying the chance to concentrate on the business," he said. The £33m surplus allowable by law. The actual pension fund surplus as calculated by Molins actuaries is £90m, and has been cited as the main reason for the past hostile bids. Last year Molins received a £3.2m

idend of 9.75p (9p), making a 2.75p (12p) total. Earnings rose from 36.9p to 37.3p.

The packaging machinery division increased trading profits from £2.9m to £3.1m. The long-term business, one of the leading names in the US, had increased its market share, the chairman said.

The tobacco machinery division, which represents two-thirds of group sales, had come under pressure from its dependence on the lower margin Third World business.

However, the weak result from the refurbishment of old machines had masked a strong performance in the original equipment and spares business.

Molins also announced that it hoped to put proposals forward to pension fund trustees aimed at reducing the £33m surplus allowable by law. The actual pension fund surplus as calculated by Molins actuaries is £90m, and has been cited as the main reason for the past hostile bids. Last year Molins received a £3.2m

(same) net pension credit.

## COMMENT

Molins is not the most exciting of stocks, leaving many to wonder why so many bids. The pension surplus is perhaps the biggest reason, with further unrealised potential in the company's Flexible Manufacturing Systems patent. This has been the subject of litigation for several years, and now Molins is merely awaiting judgment following the court hearing in January 1991. The timing of that judgment is as uncertain as a London bus. Meanwhile, Molins maintains its position as one of the top three tobacco machinery manufacturers, and the packaging industry offers great scope for expansion after the pension surplus is used to wipe out the £33m surplus. The £33m surplus is a bonus, but the real test will come when the net asset value per share of 40p is taken into consideration.

## Anglia Television profits fade to £8.7m

By Gary Mead, Marketing Correspondent

**ANGLIA TELEVISION** yesterday reported pre-tax profits of £8.7m for the 14-month period ended December 31 1991, substantially down on the £14.9m in the twelve months to October 31 1990. The result was in line with analysts' forecasts.

The final dividend, maintained at 6.4p, making an unchanged total of 9.55p, 82p, ings per share declined to 13.31p (21.88p). Operating profit fell almost £3m to £14.9m.

Anglia's share of the ITV network's total revenue rose slightly from 6.72 per cent to 6.75 per cent. Advertising revenue was £127.3m (£108.9m) with an extra £22.35m (£13.9m) from programme sales.

Turnover showed an increase from £124.5m to £153.4m.

The £29.6m cost of renewing its franchise was taken as an extraordinary charge as a provision of £13.3m for restructuring and writing down its original £12m stake in BSkyB, the satellite television broadcaster, to a nominal £100,000.

Sir Peter Gibbins, chairman, said that Anglia took the view that BSkyB - in which Pearson, publisher of the Financial Times, has a stake - is unlikely to be profitable before the end of the century. Writing down the investment was thus "prudent accounting".

Sir Peter added that staff levels had been reduced by some 23 per cent, from 800 to 633, since 1989 but no further redundancies were envisaged. Last October the company retained its franchise to broadcast in the east of England region with a £17.5m bid.

Net current assets at the end of 1991 were £43.6m (£29.6m).

Sir Peter said: "At a time like this, keeping light on your feet and having a pile of cash in the bank does not seem a bad approach."

Analysts are forecasting 1992 pre-tax profits of between £14m and £18m.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Anglia TV	6.4	May 22	6.4	9.26	9.26
Atwoods	1.75	Aug 3	1.75	5	5
Fired Earth	2.4	Apr 2	2.4	4.025	4.025
Halstead (James)	4.5	June 1	4.5	11.25	11.25
Hornby	9	May 19	9	9	9
Martin Currie	0.4	June 10	0.75	0.4	0.75
Molins	9.75	May 26	9	12.75	12
Perry Group	6.25	July 2	6.25	9	9
Sheafbank	0.1	May 29	0.85	0.2	0.75
Wilkes (James)	5.25	July 14	5.5	10	10

Dividends shown penny per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡US\$ stock. §Second interim in lieu of final. ¶Scrip option.

## LONDON RECENT ISSUES

Issue	Amount	Price	Yield	Stock	Yield	Price	Yield
500	£100	100	100	Anglia TV	100	100	100
100	£100	100	100	Atwoods	100	100	100
70	£100	100	100	Fired Earth	100	100	100
30	£100	100	100	Halstead (James)	100	100	100
10	£100	100	100	Hornby	100	100	100
5	£100	100	100	Martin Currie	100	100	100
2	£100	100	100	Molins	100	100	100
1	£100	100	100	Perry Group	100	100	100
0.5	£100	100	100	Sheafbank	100	100	100
0.25	£100	100	100	Wilkes (James)	100	100	100

## FIXED INTEREST STOCKS

Issue	Amount	Price	Yield	Stock	Yield	Price	Yield
100	£100	100	100	Anglia TV	100	100	100
100	£100	100	100	Atwoods	100	100	100
100	£100	100	100	Fired Earth	100	100	100
100	£100	100	100	Halstead (James)	100	100	100
100	£100	100	100	Hornby	100	100	100
100	£100	100	100	Martin Currie	100	100	100
100	£100	100	100	Molins	100	100	100
100	£100	100	100	Perry Group	100	100	100
100	£100	100	100	Sheafbank	100	100	100
100	£100	100	100	Wilkes (James)	100	100	100

## RIGHTS OFFERS

Issue	Amount	Price	Yield	Stock	Yield	Price	Yield
12	£100	100	100	Anglia TV	100	100	100
418	£100	100	100	Atwoods	100	100	100
212	£100	100	100	Fired Earth	100	100	100
27	£100	100	100	Halstead (James)	100	100	100
9	£100	100	100	Hornby	100	100	100
3	£100	100	100	Martin Currie	100	100	100
215	£100	100	100	Molins	100	100	100
31	£100	100	100	Perry Group	100	100	100
31	£100	100	100	Sheafbank	100	100	100
31	£100	100	100	Wilkes (James)	100	100	100

A qualified dividend is a dividend based on the company's profits after tax and after the payment of interest on its debt. It is not a dividend based on the company's profits before tax and before the payment of interest on its debt. It is not a dividend based on the company's profits after tax and after the payment of interest on its debt. It is not a dividend based on the company's profits before tax and before the payment of interest on its debt.

## TRADITIONAL OPTIONS

Issue	Amount	Price	Yield	Stock	Yield	Price	Yield
12	£100	100	100	Anglia TV	100	100	100
418	£100	100	100	Atwoods	100	100	100
212	£100	100	100	Fired Earth	100	100	100
27	£100	100	100	Halstead (James)	100	100	100
9	£100	100	100	Hornby	100	100	100
3	£100	100	100	Martin Currie	100	100	100
215	£100	100	100	Molins	100	100	100
31	£100	100	100	Perry Group	100	100	100
31	£100	100	100	Sheafbank	100	100	100
31	£100	100	100	Wilkes (James)	100	100	100

## Canadian disposal for Hillsdown

By Maggie Urry

**Maple Leaf Foods**, Hillsdown Holdings' Canadian subsidiary, has signed a sale agreement for its edible oils division, which was originally negotiated last spring. The sale will raise £810m (£51.2m). Hillsdown shares rose 2p to 177p.

The buyer is CanAm Foods, a joint venture between Central Soya of Canada, a company within the Ferruzzi empire, and CSP Foods, a large oilseed crusher and refiner based in western Canada. The deal has been passed by the regulatory authorities.

Maple Leaf, 56 per cent owned by Hillsdown, the food processing company, put the business on the market in November 1990. Hillsdown decided the business, though profitable, was not a core activity.

The buyer is CanAm Foods, a joint venture between Central Soya of Canada, a company within the Ferruzzi empire, and CSP Foods, a large oilseed crusher and refiner based in western Canada. The deal has been passed by the regulatory authorities.

## Blue Circle £70m sale in S Africa

**BLUE CIRCLE** Industries, the cement and home products group, has sold its 42.3 per cent stake in a South African associate for £70m.

The purchaser is Murray & Roberts, which has been BCI's joint venture partner in the South African business since it acquired Darling & Hodgson. The two parties had been talking since November. BCI made the original investment in 1912.

It said yesterday that it preferred to be a lead shareholder in its investments and that the South African company would benefit from having one shareholder in the driving seat.

The investment contributed £11m to BCI's operating profit and £7m to after-tax earnings in 1991, as well as a dividend stream of £3.8. Its carrying value at the December year-end was £33.8m.

The cash will initially help to reduce BCI's net debt, which stood at roughly £200m before the transaction. Shareholders' funds at the previous year-end were £349.6m, counting £90m of convertible capital bonds as equity.

## Rosehaugh banks extend loans

Rosehaugh, the property company with borrowings of £310m, yesterday announced that its 36 banks had extended their loans until January 1994. The debt restructuring followed the breach of its banking

covenants at the end of last year. The standard agreement reached by the banks had to be extended at the end of January.

The refinancing package has consolidated the existing facilities into one master facility, to which Barclays Bank will be agent.

The company said it believed that the agreement represented a satisfactory conclusion to the talks which began in late 1991. Subsequent share price rose from 64p to 94p after the announcement. The share price of Stanhope, which has a joint venture with Rosehaugh rose from 24p to 27p. Rosehaugh Stanhope Developments, the joint venture, was not part of the refinancing agreement.

Last December, Rosehaugh announced pre-tax losses of £27m for the year to June 30.

Sheafbank Property Trust, the property investment and financial services group, ran up a loss of £382,778 pre-tax for the year to March 1991 after taking account of an exceptional provision of £500,000.

The delayed results compared with profits of £500,891 for the 1989-90 year. The exceptional item represented a provision against the carrying value of the company's investments in financial services.

The delayed results were due to changes on the board which took effect following the year-end and the inclusion of audited information on major corporate investments. As a consequence, the directors are recommending that the current accounting period should cover

Time, gentlemen, to unravel the knot  
Morland bid talks pose a heady problem: Philip Rawstone reports

**NEWS THAT** Morland, the Thames Valley brewer, is talking to potential bidders has focused attention on one of the most complex knots yet to be unravelled in the government's efforts to loosen the national brewers' hold on pub retailing.

Whitbread, the national brewer and retailer, and the associated Whitbread Investment Company hold substantial stakes in five regional brewers and pub operators - Morland, Marston's, Brakspear, Devenish and Boddington.

Unless these holdings are reduced to less than 15 per cent, Whitbread will have to count the pubs owned by the four companies, more than 1,800 in total, as part of its estate.

It would then have to free a further 900 of its own pubs from the tie to satisfy the government orders.

Further complications stem from the Office of Fair Trade's view that a second large brewery group exists with the Whitbread Investment Company at its head, since WIC holds 28.9 per cent of Whitbread's shares.

WIC's 15.3 per cent stake in Devenish would then mean that Whitbread would have to free another 190 pubs - equivalent to half the Devenish estate.

It seems unlikely that Whitbread will resolve the situation by freeing all these additional pubs. The market for pubs remains in the doldrums; at one London auction recently, only one of 19 lots was sold.

Disposal of an extra 1,000 pubs would also leave Whitbread with a tied estate of a little over 3,000 pubs - less than three-quarters the size of the estates of Allied-Lyons, Bass and IRL, the GrandMet Courage joint venture.

Changes in the shareholdings are thus inevitable - with WIC, as well as Whitbread, forced to reduce its holdings to a maximum of 15 per cent. At present, the WIC stakes amount to 43.6 per cent of Marston's, 33.1 per cent of Marston's and 23.6 per cent of Boddington.



ESTD 1742

Simply selling excess shares in the market would pose problems for Morland, Marston's, and Brakspear. It would mean that 28.7 per cent of Morland's equity would be up for grabs. More than 18 per cent of Marston's shares and 12 per cent of Brakspear's would also be on offer.

It seems safe to assume that all three are vitally and consciously opposed to such a solution.

Whitbread, too, would be loath to see blocks of shares placed with possible predators given its own substantial sales of Heineken and Stella Artois lagers to the three companies.

Another way out of the dilemma would be for Whitbread, itself, to bid for one or more of the brewers. It already sells Marston's and Morland ales as part of its guest beer portfolio.

"The drawback to such a move," says Mr John Spicer, analyst at Warburg Securities, "is that it will incur significant costs - perhaps £24m for Brakspear, £250m for Marston's and £80m for Morland - and could invite referral to the Monopolies and

ston's and Morland could reduce the Whitbread and WIC holdings below the critical level, provided both refrained from taking up their rights.

But again the scale of the issues would be a problem - and Morland made a £10.8m cash call only last June in which WIC took up its full entitlement.

Whether intentional or not, the government orders have posed a problem which only a stroke of genius is going to resolve without leaving some, at least, of those involved poorer or weaker.

## US side takes toll on Attwoods

By Richard Gourlay

**DEPRESSED** world metal prices that hit the US recycling plant left first half profits at Attwoods, the international waste management company, virtually static at £16.5m pre-tax.

The figure for the six months to January 31 compared with £16.4m previously and was scored on the back of a 30 per cent rise in sales to £18.2m.

Earnings per share fell from 5.07p to 4.27p. A same-again interim dividend of 1.75p is being paid.

Minds, the US recycling and reprocessing plant, was hit by falling metal prices, particularly aluminium. A 50p pre-tax profit turned into a \$900,000

(£520,000) loss in the first half. That reduced margins in the US, which accounts for over 70 per cent of sales, from 14 per cent to 9.8 per cent.

The company had anticipated too much growth but had now cut overheads and was showing signs of recovery, said Mr Ken Foreman, Attwoods's chairman.

Sales and operating profits in continental Europe doubled over the period with Germany a particularly good performer. Demand for portable accommodation units on long term rental outstripped expectations.

Mr Foreman said there was a large potential market in former East Germany for temporary accommodation.

Margins in Germany remained at 19 per cent even though sales doubled.

In the UK, sales and profits rose and margins were maintained at about 7 per cent. The eight council waste disposal contracts were not making good profits although there was potential to improve margins, Mr Foreman said.

## Perry tumbles 47% to £2.23m

By Peggy Hollinger

**PERRY GROUP**, one of the UK's largest motor dealers, has maintained its dividend in spite of a 47 per cent fall in pre-tax profits to £2.23m for the year to December 31.

Mr Richard Allan, chairman, said the higher dividend - which has been maintained since 1988 - was justified. "We are confident that when the economy improves profits will improve significantly," he said.

Mr Allan added, however, that so far there had been no signs of a pick up.

Losses in contract hire and new car sales clipped both profits and sales, which fell by 8 per cent to £301.1m. The new car division had reversed from a profit of £597,000 in 1990 to a loss of £283,000 last year. Contract hire reported a £750,000 loss because a large number of customers went into liquidation and returned fleet cars.

On the brighter side, Perry's remaining four divisions reported record results. Used car profits - which account for about 23 per cent of the total - rose by 20 per cent, the parts division increased its contribution by 18 per cent, the body and parts operations by 14 per cent and the service business by 4 per cent.

Mr Allan said Perry's had experienced mixed results from its seven Ford dealerships, although the parts depot had performed well. Perry, which has a total of 30 dealerships, claims about 3 per cent of Ford's UK sales.

During the year, the group spent £2.5m on new dealerships, including a Nissan outlet. Mr Allan said that figure would be reduced to £1m in 1992. "We are cutting back until we are happy the recession is behind us," he said.

## NEWS DIGEST

**James Halstead improves to £3.44m**

In "very tough trading conditions" James Halstead, the floor coverings, weatherproof wear and trailers group, reported pre-tax profits of £3.44m for the half year to December 31. Profits last time were £3.34m.

**Fired Earth Tiles drops to £302,000**

In what it described as the worst two years in living memory, Fired Earth Tiles, the specialist tile retailer, saw pre-tax profits fall further from £783,000 in 1990 to £302,000 last year.

**Wm Bedford cuts loss to £210,000**

William Bedford, the USM-quoted antique dealer, cut its pre-tax loss from £259,000 to £210,000 for the 1991 year after an exceptional gain on the sale of an asset.

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## ECONOMIC DIARY

**TODAY:** Independence referendum in Tatarstan. Mr Helmut Kohl, German chancellor, pays two-day visit to the United States for talks with Mr George Bush, US president.

**TOMORROW:** French regional elections. General elections in Thailand. Postponed general election takes place in Albania.

**MONDAY:** Food facts (fourth quarter). Balance of payments, current account and overseas trade figures (February). European Community environment ministers meet in Brussels. Financial Times holds two-day conference "International Packaging and the Environment" in London.

**TUESDAY:** Capital expenditure and stockbuilding (fourth quarter - revised). Company liquidity (fourth quarter). South Korean general elections. Conference on Security and Co-operation in Europe follow-up meeting begins in Helsinki (until March 28). Mr Chris Patten, the Conservative Party chairman, speaks at American Chamber of Commerce lunch. Connecticut presidential primary.

**WEDNESDAY:** Building societies monthly figures (February). New construction orders (January - provisional). US durable goods orders (February). Close of nominations for general election candidates.

**THURSDAY:** Insurance and pensions (fourth quarter). New vehicle registrations (February). Energy trends (January). US jobsless claims: real gross domestic product (final release - fourth quarter) 1991; Import/export prices (February). International Court of Justice in The Hague holds hearings in Libya's case against Britain and the US concerning the dispute over their demand for extradition of Libyans charged with blowing up a Pan Am jet over Lockerbie in 1988. European Community transport ministers meet in Brussels. Scottish Liberal Democrats annual conference in Inverness.

**FRIDAY:** Confederation of British Industry publishes trends enquiry (March). US personal income (February). Heads of Commonwealth of Independent States meet in Alma-Ata. 1992 consumer congress at Leicester University (until Sunday).

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS										Highs and Lows Index									
Friday March 20 1992										1991/92									
Figures in parentheses show number of stocks per sector										Since Completion									
Index No.	Day's Change	Est. Yield (%)	Est. Div. Yield (%)	Est. P/E Ratio	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio	Index No.	Day's Change	Est. Yield (%)	Est. Div. Yield (%)	Est. P/E Ratio	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio
1 CAPITAL GOODS (178)	795.61	+0.4	7.97	6.00	16.34	2.55	702.73	709.42	798.25	869.82	890.04	15/3	675.31	16/1	1038.07	16/7	87	50.71	13/12/91
2 Building Materials (23)	928.78	+1.5	7.22	6.48	18.67	0.99	944.72	936.25	922.09	1127.03	1167.73	14/3	820.50	23/12/91	1381.08	16/7	87	44.27	11/12/91
3 Contracting, Construction (28)	888.53	+0.8	8.64	8.11	16.72	2.12	881.89	876.14	890.87	1397.40	1438.56	15/3	822.40	23/12/91	1951.50	16/7	87	71.45	12/12/91
4 Electricals (7)	2390.97	-1.7	8.15	6.27	16.21	1.47	2433.82	2432.80	2462.51	2433.70	2675.48	1/10/91	1637.98	22/1	3040.80	8/9	89	84.71	25/6/92
5 Electronics (26)	1611.53	-0.7	10.00	4.73	12.67	2.20	1625.63	1622.44	1641.61	1648.08	1958.19	15/3	1478.08	16/1	1478.08	16/1	1478.08	1229.01	8/10/91
6 Engineering-Aerospace (8)	339.56	-1.0	9.97	7.65	13.05	9.52	340.14	337.50	340.57	431.20	465.23	9/4	313.50	14/2	502.42	13/6	90	313.50	14/2/92
7 Engineering-General (43)	494.82	-0.1	9.11	4.78	13.57	1.21	496.75	494.06	498.50	663.28	686.41	16/3	339.57	23/1	504.41	10/3	92	339.57	23/1/91
8 Metals and Metal Finishing (10)	337.42	-0.1	10.15	2.05	10.15	0.00	337.51	335.51	335.04	478.86	509.18	3/4	286.57	20/12/91	506.67	9/10/87	29	49.65	1/1/75
9 Motors (14)	318.11	-0.1	7.44	7.39	18.38	2.90	318.40	318.30	316.22	352.49	371.25	6/9	266.43	16/1	411.42	13/10/87	19	19.91	1/1/75
10 Other Industrial Materials (19)	1608.76	+0.9	7.40	5.15	16.48	1.08	1594.91	1591.55	1613.03	1543.54	1695.01	2/9	1347.76	16/1	1881.53	18/8	89	277.55	15/1/91
11 Chemicals (22)	1162.27	-0.5	7.49	3.52	16.36	5.83	1161.44	1161.55	1162.39	1410.70	1688.40	10/3	1188.45	16/1	1688.40	10/3	92	61.41	13/12/91
12 Textiles (14)	2001.37	-0.1	8.07	3.62	14.51	7.92	2013.69	2003.39	2047.41	2142.41	2148.05	10/3	1478.24	25/1	2148.05	10/3	92	69.47	15/12/91
13 Food Manufacturing (10)	1238.37	-0.3	8.88	4.21	13.97	5.59	1242.04	1240.53	1254.33	1173.50	1280.89	24/2	1015.40	16/1	1280.89	24/2	92	99.67	15/12/91
14 Food Retailing (16)	2543.15	-0.4	8.67	3.00	14.98	4.06	2552.41	2541.28	2574.41	2644.24	2854.91	2/5	2231.21	22/1/91	2854.91	2/5	91	54.25	11/12/91
15 Health and Household (24)	1138.78	+0.9	7.40	2.52	17.43	19.73	1138.43	1133.76	1162.60	1063.30	1454.94	14/1	1024.93	16/1	1454.94	14/1	92	175.38	28/5/90
16 Hotels and Leisure (21)	1254.27	-0.9	7.11	3.40	17.89	8.54	1276.20	1274.88	1292.85	1364.28	1405.62	2/9	1106.91	25/1	1405.62	2/9	89	54.83	9/1/75
17 Media (24)	1512.34	-0.3	6.32	2.97	1507.44	1498.49	1522.21	1513.15	1536.16	1533.15	1586.16	3/3	1314.91	16/1	1586.16	3/3	92	116.61	16/1/91
18 Packaging, Paper & Printing (27)	745.83	-0.0	7.59	4.50	15.47	0.31	753.51	741.79	745.15	847.22	888.42	9/9	682.46	16/1	788.41	9/9	89	65.46	1/1/75
19 Stores (32)	1004.32	-1.4	7.37	3.60	17.99	1.91	1018.43	1017.85	1040.75	881.89	1082.38	28/2	766.89	25/1	1160.58	29/7	87	52.63	1/1/75
20 Textiles (10)	635.05	-0.0	7.22	4.90	17.66	2.69	647.95	649.57	653.38	538.78	681.56	10/3	396.58	28/1	914.52	2/10/87	62	62.66	11/12/91
21 OTHER GROUPS (137)	1175.49	-0.8	10.32	5.84	12.19	8.87	1185.15	1183.21	1195.82	1384.28	1330.48	2/10/91	961.05	16/1	1330.48	2/10/91	92	58.43	6/1/75
22 Business Services (16)	1277.09	-0.4	7.34	17.29	0.27	1332.00	1330.87	1354.40	1316.46	1451.74	1611/92	102	1024.28	1/2	1451.74	1611/92	92	517.92	30/1/84
23 Chemicals (22)	1438.79	-0.3	7.29	10.78	16.78	20.02	1442.52	1449.95	1464.38	1228.29	1520.52	2/9	1104.01	16/1	1545.46	5/10/87	71	71.20	1/12/91
24 Conglomerates (11)	1328.46	-1.7	10.73	7.62	11.38	3.18	1351.07	1340.00	1349.88	1562.82	1626.42	14/3	1203.24	23/12/91	1819.46	11/8	89	975.19	10/1/87
25 Transport (14)	2350.06	-0.1	5.45	4.87	24.25	2.93	2333.25	2322.70	2348.01	2185.00	2448.16	17/1	1738.87	23/1	2544.64	12/7	89	90.80	29/6/92
26 Electricity (16)	1104.60	-1.0	15.90	6.23	8.26	17.21	1116.33	1120.40	1133.58	1122.52	1286.51	2/10/91	994.46	7/1	1286.51	2/10/91	92	64.44	12/12/91
27 Telephone Networks (4)	1523.67	-1.0	11.85	7.47	11.02	16.02	1537.50	1530.43	1564.06	1399.40	1658.67	2/10/91	1085.95	16/1	1658.67	2/10/91	92	517.92	30/1/84
28 Water (10)	2231.80	-0.9	19.11	7.12	5.77	0.00	2232.30	2242.75	2251.81	2413.27	2539.85	6/9	2134.33	16/1	2539.85	6/9	91	1820.20	1/5/90
29 Miscellaneous (6)	1063.15	-0.2	6.50	5.30	20.27	1.26	1068.82	1061.95	1081.83	1046.42	1203.42	15/8	1156.17	16/1	1203.42	15/8	91	60.39	6/7/75
30 INDUSTRIAL GROUP (482)	1264.70	-0.4	8.44	4.62	14.80	6.01	1270.15	1270.19	1282.49	1211.57	1326.54	10/3	991.97	16/1	1326.54	10/3	92	39.01	13/12/91
31 Oil & Gas (19)	1095.42	-1.0	9.36	7.12	14.10	36.07	1015.76	1017.40	1032.18	1049.29	1209.42	2/9	1095.42	20/1	1209.42	2/9	91	87.23	29/5/92
32 NON-SHARE INDEX (590)	1183.63	-0.2	8.54	4.88	14.78	8.20	1199.72	1199.72	1205.51	1308.22	1434.90	2/9	1092.04	20/1	1434.90	2/9	91	63.49	13/12/91
33 FT-SE 100 SHARE INDEX (100)	2456.61	-1.0	2475.71	2446.91	2467.61	2464.71	2491.21	2470.71	2476.01	2440.51	2679.61	2/9	2054.81	16/1	2679.61	2/9	91	986.9	23/7/94

FIXED INTEREST										AVERAGE GROSS REDEMPTION YIELDS									
PRICE INDICES										1991/92									
Index No.	Day's Change	Est. Yield (%)	Est. Div. Yield (%)	Est. P/E Ratio	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio	Index No.	Day's Change	Est. Yield (%)	Est. Div. Yield (%)	Est. P/E Ratio	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio	Est. Div. Yield (%)	Est. Div. Ratio
1 British Government	121.36	+0.04	121.32	2.37	2.13	1.99	1.17	9.39	10.14	16/1	91	8.42	12/11/91	91	8.42	12/11/91	91	8.42	12/11/91
2 5-15 years (25)	132.81	-0.04	132.87	1.70	3.87	9.55	9.55	9.83	10.26	2/1	91	9.08	27/2/92	92	9.08	27/2/92	92	9.08	27/2/92
3 Over 15 years (10)	141.87	-0.07	141.97	1.68	2.78	9.56	9.56	9.84	10.15	1/1	91	9.34	27/2/92	92	9.34	27/2/92	92	9.34	27/2/92
4 Irredeemables (6)	158.29	+0.12	158.10	3.03	1.50	9.67	9.67	10.09	10.62	2/1	91	9.14	27/2/92	92	9.14	27/2/92	92	9.14	27/2/92
5 All stocks (67)	131.66	-0.02	131.68	2.00	3.17	9.62	9.62	10.03	10.50	2/1	91	9.12	27/2/92	92	9.12	27/2/92	92	9.12	27/2/92
6 Index-Linked	169.89	+0.06	169.80	0.37	1.37	10.18	10.18	10.34	10.52	2/1	91	9.27	27/2/92	92	9.27	27/2/92	92	9.27	27/2/92
7 Over 5 years (7)	145.21	-0.27	145.60	0.63	1.20	9.79	9.79	10.26	10.80	2/1	91	9.37	27/2/92	92	9.37	27/2/92	92	9.37	27/2/92
8 All stocks (11)	147.48	-0.22	147.81	0.59	1.21	9.73	9.73	10.21	10.67	2/1	91	9.17	27/2/92	92	9.17	27/2/92	92	9.17	27/2/92
9 Debt & Loans (62)	115.94	-0.24	116.21	2.45	2.39	9.73	9.73	10.01	10.46	2/1	91	9.28	27/2/92	92	9.28	27/2/92	92	9.28	27/2/92

Opening Index 2471.7; 9 am 2469.8; 10 am 2472.8; 11 am 2473.8; Noon 2469.8; 1 pm 2461.7; 2 pm 2456.9; 3 pm 2455.3; 4 pm 2448.7; 4.10 pm 2455.8; (a) 10.41 am (b) 2.56 pm

Equity section or group: Base date: Base value: 31/12/90 999.65  
 Business Services: 31/12/90 999.65  
 Electricity: 31/12/90 1228.68  
 Media: 29/12/89 486.00  
 Engineering - Aerospace: 31/12/89 486.00  
 Engineering - General: 31/12/89 1968.45  
 Water: 31/12/89 1114.07  
 Conglomerates: 31/12/89 1114.07

Fixed interest section or group: Base date: Base value: 30/11/84 517.92  
 Telephone Networks: 30/11/84 517.92  
 Electronics: 30/11/84 1446.65  
 Other Industrial Materials: 30/11/84 287.41  
 Health/Household Products: 30/11/84 267.77  
 Other: 31/12/74 65.75  
 Industrial Group: 31/12/70 128.06  
 Debt & Loans: 31/12/77 100.00

1. Flat yield. A list of all the products covered by these indices is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 1HQ. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGES: ADDITION: Park Food Group (26); DELETION: Pickwick Group (29).

## TRADITIONAL OPTION 3-month call rates

INDUSTRIALS				LEGAL & GEN				OILS													
Alfred-Lyons	49	Charter Cons	37	Ladbroke	17	Sears	17	Smk Btm A	65	Aviva Pet	30	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21
Armstrong	51	Comm Union	32	Legal & Gen	27	TI	16	TSB	18	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Astec (BSR)	3	Courtaulds	39	Lloyds Bank	29	TSB	18	Thorn EMI	10	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
BAT incs	46	FKI	51	Lomb	10	Thorn EMI	10	T & N	11	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
BAT	48	FWW	9	Lomb	10	Thorn EMI	10	T & N	11	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Barclays	30	Forie	18	Marika Spencer	24	T & N	11	Unilever	19	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Blue Circle	20	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Blue Circle	20	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Blue Circle	20	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Bowl	33	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Bowstler	58	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Briz Aerospace	30	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
British Steel	9	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Brit Telecom	24	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Cadbury	23	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Cadbury	23	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		
Cadbury	23	GKN	26	Midland Bank	19	Unilever	19	Wellwood	12	BP	21	Burmah Castrol	38	Conroy Pet	8	Gaelic Res	12	Premier Cons	21		

## INTERNATIONAL COMPANIES AND FINANCE

## Nestlé says Perrier fight may end in a few weeks

By Ian Rodger in Zurich

NESTLÉ, the Swiss foods group, said its bitter takeover battle with Italy's Agnelli family for Source Perrier, the French mineral water and cheese group, could be resolved within the next few weeks.

"Now that the legal situation has been cleared and that some signals have come from the other side, I would not exclude that the resolution of this matter could well happen in the next few weeks," a Nestlé spokesman said yesterday.

He was responding to a newspaper report quoting an Agnelli official as saying: "We have seen where the political will lies in France, and there is not much point in fighting that." The Nestlé spokesman said this was one of many indications that the Agnelli camp was thinking that the time had come to change their approach.

In late January, Nestlé, the world's largest food group, bid FF1.475 per share for Perrier, valuing the company at FF13.2bn (\$2.6bn).

The bid countered an attempt by Agnelli companies to gain control of Perrier indi-

rectly by buying companies that held large blocks of Perrier shares. Since then, Nestlé has won court battles in France aimed at obstructing the Agnelli approach.

Also, the French stock market authorities have ruled that the Agnelli group must make an offer to all Perrier shareholders, not just to a few.

Meanwhile, Nestlé reported yesterday that its consolidated net profit rose 8.7 per cent last year to FF2.47bn on sales up 8.9 per cent to FF30.5bn.

The directors have recommended a dividend increase to FF2.15 from FF2.00 per share, and to FF43 from FF40 per bearer participation certificate.

The group said that in spite of worsening economic conditions in many countries, sales volume grew by 4 per cent. The trading margin showed a slight improvement to 10.1 per cent.

The results were close to analysts' expectations in most respects, but there was apparently disappointment that the group did not announce plans to split its shares.

That, according to one Zurich analyst, was the reason the

bearer shares jumped SF100 on the statement to SF9,620, but then settled back almost immediately to SF9,550.

Nestlé said it intended to split its bearer and registered shares, 10 for one, as soon as possible. A Swiss law permitting such a change comes into effect on July 1, but the group was still clarifying the process it had to follow to comply with the law.

No decision had been reached on converting the participation certificates into shares or on consolidating the capital into a single class of shares. The group said neither issue was urgent now that there was no difference in the rights attaching to its two classes of shares.

Mr Ramon Masip, executive vice-president and head of the regional management for Europe, was promoted to president of the general management group in the food sector.

Mr Helmut Maucher, remains chairman and chief executive officer. Mr Maucher, who is 64, has made clear that he has no plans to retire.

Lex, Page 24

## Further fall in profits expected by Thyssen

By Andrew Fisher in Frankfurt

THYSSEN, the German steel and engineering group, expects profits to show a further decline this financial year to September 30, 1992. Mr Heinz Kriwet, the chief executive, told yesterday's annual meeting.

World economic conditions had become even more difficult than last year, while west Germany was experiencing a slowdown after its longest upturn ever, he said.

While there were signs of a pick-up in east Germany, Thyssen last year achieved a 3 per cent turnover, this recovery was still very patchy.

Mr Kriwet took solace in the fact that other companies in the same sectors were doing worse than Thyssen.

Thyssen's turnover, which last year suffered a drop of 25 per cent in net profit to DM520m (\$315m) on turnover of DM37bn, is holding its dividend at DM10 a share.

In the first five months of 1991-1992, Thyssen's turnover was 1 per cent higher at around DM15bn, but the order inflow 4 per cent higher. However, Mr Kriwet said these figures had been influenced by some large orders.

On Monday, Thyssen stressed that the value would decline in the short-term conditions. Mr Kriwet estimated that given the high price-earnings ratios on the Tokyo market, the whole company could be worth between FF300bn and FF360bn.

Analysts said such estimates should be treated with caution. They also pointed out that some of the proceeds would have to offset the unspecified cost to Bekaert of buying its outstanding minority stake in Bekaert Dyersburg Steel Cord - a US subsidiary which was partly owned by Bridgestone.

Bekaert - in a deal announced last October.

On Monday, Bekaert is expected to announce a net consolidated loss for 1991 following another difficult year, and may only just cover its dividend payout with earnings.

Chicago-based Nuveen is the oldest and largest investment banking and asset management firm specialising in the underwriting, trading and marketing of investment bonds and tax-free municipal products. Its assets under management increased four-fold in the last five years while annual sales doubled.

The St Paul Companies said yesterday if a decision is made to go ahead with an offering, it will be announced in the next few weeks.

Minnesota-based St Paul Companies also owns Minet Holdings of the UK.

## Rémy lines up a world class list

Philip Rawstorne examines the drinks group's expansion strategy

The restructuring of Rémy Cointreau, the family-controlled French cognac, champagne and liqueurs company, to be completed shortly with a public offering of 20.8 per cent of shares, will consolidate Rémy's position among the leading international drinks groups.

Rémy will emerge as a diversified drinks business with turnover of FF6.5bn (\$1.15bn) and profits of FF1.4m. Some 20 years ago, the original Rémy Martin cognac company had turnover of FF72m and profits of FF1.5m.

Rivalry between the related Hérard Dubreuil and Cointreau families, which has hampered the development of the group, was resolved two years ago when the Cointreau family sold its stakes in both Rémy Martin and Cointreau to Grand Metropolitan, the UK drinks, food and retailing group.

The 100m deal enabled the Dubreuil family to merge the Rémy and Cointreau businesses - and the group will now buy back the GrandMet holding for £120m (\$207.6m) over the next three years.

The deal also greatly simplifies the maze of interlocking interests which characterised the group's structure.

After the public share offer, the Dubreuil family's holding company, Orper, will have 51 per cent of Rémy Cointreau's equity. The rest of the shares will be publicly held via the market listings in Paris and Frankfurt.

Marc and François Hérard Dubreuil, the brothers who run the group, will oversee three operating divisions - covering cognac, champagne, and wines and spirits - and one of the most extensive, wholly-owned



Bubbling business: earnings per share set to rise 20%

international distribution networks.

"The company that controls its distribution, controls its independence," says François Hérard Dubreuil. The strength of the network built up by Rémy has been a crucial factor in its development.

Despite the restricting family squabbles, it has enabled the brothers in recent years to extend their drinks portfolio to its cognac base by adding Piper Heidsieck and Charles Heidsieck champagnes to their existing prestigious champagne house, Krug.

They have acquired Mount Gay rum from Barbados, St James rum from Martinique, and Galliano liqueurs from Italy.

Distribution of third-party brands includes Absolut vodka, Campari bitters, Jim Beam bourbon, Dimeque sherry, Drambuie liqueurs, and French, Italian, Californian, and Australian wines.

Towards the end of 1990, the

brothers tied up a marketing and distribution deal with Highland Distilleries, maker of The Famous Grouse, the UK's second best-selling Scotch whisky, and acquired a 26 per cent stake in Macallan-Glenlivet, another Scotch distillery. Export volume sales of Famous Grouse rose last year by 16 per cent against an overall industry decline of 3 per cent.

Following the example of Guinness and LVMH, the relationship is cemented with cross-shareholdings. Highland holds convertible bonds equivalent to a 30 per cent share in Orper, and Orper may raise its present 2 per cent stake in Highland to 10 per cent.

Wines and spirits now account for 48 per cent of Rémy Cointreau's turnover, cognac for 40 per cent, and champagne for 8 per cent.

The network into which the distribution of Cointreau will be fully integrated over the next two months, gives an even geographical spread to

the business. Last year, France accounted for 35 per cent of turnover, the rest of Europe 35 per cent, Asia/Pacific for 24 per cent and North America for 17 per cent.

Few potential customers are neglected - distribution even reaches into the Pacific islands of Guam and Saipan to target Japanese holidaymakers.

The group is now looking towards eastern Europe. St Petersburg was our biggest market at the turn of the century," Marc Hérard Dubreuil muses.

More than half the group's 3,000 employees are engaged in sales and marketing, and the business is tightly focused on premium quality and price.

The Dubreuil brothers have no immediate plans to acquire more brands. The FF1.5bn expected from the public share offer will be used to reduce borrowings presently standing at FF7bn.

Development of the existing drinks portfolio and more effective use of distribution is expected to increase earnings per share by more than 20 per cent this year and by about the same amount next year. Profits are forecast to rise this year to FF2.61m from FF2.14m, and to FF3.13m in 1993.

The brothers, who have long been concentrating their cognac business into the VSOP and higher categories, believe in the reliability of the long-term trend for consumers everywhere to "drink less, but drink better".

Marc says: "We are selling products which are perceived as luxuries but which a growing number of people can afford. A bottle of Rémy Martin VSOP is less expensive than a tankful of petrol."

## Bekaert expects BFr15bn for stake

By Andrew Hill in Brussels

BEKAERT, the Belgian producer of steel cord and wire, believes it could raise more than BFr15bn (\$435m) through the sale of a 49 per cent stake in its Japanese joint venture Bridgestone-Bekaert Steel Cord - three times the book value of the holding.

Bekaert announced yesterday that it was bowing to pressure from its other tyre-making customers and ending its 22-year-old joint venture with Bridgestone Corporation, the Japanese tyre manufacturer.

Bridgestone-Bekaert, which generates profit of Y5bn annually on turnover of Y40bn, makes steel cord for rubber reinforcement and sells about 80 per cent of its production in Japan.

Mr Willy Snaet, a Bekaert vice-president, said yesterday: "When Bridgestone decided to

take over Firestone [the US tyre manufacturer] recently, it was clear that the relationship we had was jeopardising our relationship with other customers."

"It's a sign of the problems that they have in such a concentrated industry," added Mr Sebastian Scoutney, a Belgian market analyst with Dillon Read of London.

Bridgestone-Bekaert will become an independent company and Bekaert's shares will gradually be sold to new investors on the Tokyo OTC market during 1993. Mr Snaet said the Belgian group would probably not retain a stake in the joint venture.

The Bridgestone-Bekaert stake is valued in Bekaert's net consolidated accounts at just over BFr5bn. Although he

stressed that the value would decline in the short-term conditions, Mr Snaet estimated that given the high price-earnings ratios on the Tokyo market, the whole company could be worth between BFr300bn and BFr360bn.

Analysts said such estimates should be treated with caution. They also pointed out that some of the proceeds would have to offset the unspecified cost to Bekaert of buying its outstanding minority stake in Bekaert Dyersburg Steel Cord - a US subsidiary which was partly owned by Bridgestone.

Bekaert - in a deal announced last October.

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## BA joins German banks in deal

By Paul Belts, Aerospace Correspondent

BRITISH Airways has, with three German partner banks, acquired Delta Air, a German commuter airline, to consolidate its position in the domestic German air travel market.

Delta Air, which has no connection with Delta Air Lines, the US carrier, will form the operating base of Deutsche BA, the joint airline company set up by BA last year with Commerzbank, Berliner Bank and Bayerische Vereinsbank.

The three banks own 51 per cent of Deutsche BA, with the UK carrier controlling the remaining 49 per cent. The company was set up as a vehicle to enable BA to maintain its presence in the domestic German market.

BA has traditionally had a strong presence in the German market since the second world war with its internal German Services (IGS), based in Berlin.

But following German unification two years ago, it has been forced by the German authorities to run down its IGS activities.

IGS operates 92 scheduled flights a week on five routes from Berlin but will have to cease all its operations by the summer of 1993.

To continue operating in the German market, the UK carrier had to establish a new airline majority owned by German interests. "Delta Air will help us build up the operating base for the new German company," BA said yesterday.

The UK carrier did not disclose how much Deutsche BA was paying for the commuter carrier, which operates 10 turbo-propeller aircraft including 9 Saab 340s and one Dornier 328.

But Deutsche BA plans to acquire an unspecified number

of Boeing 737-300 twin-engined airliners to develop its German network.

Delta Air carried 225,000 passengers last year on domestic German routes as well as serving international destinations including Brussels, Zurich, Paris and Basel.

The commuter carrier based at Friedrichshafen in Lake Constance was set up in Germany by Crossair, the Swiss regional carrier.

The Deutsche BA acquisition coincides with moves by Lufthansa, the German flag carrier, to consolidate its own position in its domestic market.

Lufthansa has taken an option to acquire up to half of the voting capital of Aero Lloyd, the German charter airline.

Aero Lloyd is understood to have also had discussions with BA and Delta Air Lines.

## Moulinex climbs 11% to FF149m

MOULINEX, one of Europe's leading makers of small household equipment, yesterday reported an 11.2 per cent rise in net profits for 1991, writes William Dawkins in Paris.

Reported profits rose to FF149m (\$29m) from FF134m on sales up to FF8.35bn from FF7.96bn, including the first contribution from Krups, the German producer of coffee machines and blenders which Moulinex bought in January last year.

As expected, the financing costs of the Krups takeover meant the German acquisition diluted Moulinex's earnings in its first year, though the French group said Krups was profitable before interest charges.

Stripping out Krups, net earnings rose by 14.9 per cent to FF154m while sales increased 13 per cent to FF8.68bn.

## Elsevier sees further advance

ELSEVIER, the Dutch publisher, reported a 20 per cent rise in 1991 trading profit and forecast a further rise in both net and operating profit in 1992, writes Ronald van de Krol in Amsterdam.

Trading profit, which does not include contributions from associated companies or interest income, totalled FF466.3m (\$249.3m), compared with FF387.5m in 1990.

Net profit fell to FF384.8m

from FF506.9m the year before, when results were swollen by extraordinary gains from Elsevier's sale of a 33 per cent stake in fellow Dutch publisher Wolters Kluwer. Operating profit, as earlier predicted by the company, was up 11 per cent at FF380.3m.

Net turnover rose by 10.6 per cent to FF2.27bn.

Elsevier said it would raise its 1991 dividend by FF0.15 to FF2.25. It forecast that net

profit will grow by a minimum of 26 per cent in 1992.

The company said its purchase in 1991 of Pergamon, the UK-based scientific publisher, from Maxwell Communication Corp was a significant factor behind last year's profit gains.

Another major event in 1991 was the disposal of its minority cross-shareholding with Pearson, the UK publishing and banking group which owns the Financial Times.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	Year 1991/92	High 1991/92	Low 1991/92
Gold per troy oz.	\$339.05	-7.95	\$362.55	\$403.25	\$345.25
Silver per troy oz.	243.53p	+3.39	222.85p	280.25p	183.35p
Aluminium 99.7% (cash)	\$1,227.5	+15	\$1,475	\$1,670	\$1,032.5
Copper Grade A (cash)	\$1,302.5	+2	\$1,352.5	\$1,472	\$1,147.0
Nickel (cash)	\$307.00	+9.25	\$337.75	\$382.5	\$278.00
Lead (cash)	\$1,737.5	-70	\$1,825	\$2,025	\$1,525
Zinc SHG (cash)	\$1,222	-10	\$1,275	\$1,425	\$1,075
Tin (cash)	\$2,525	+15	\$2,540	\$2,815	\$2,245
Cocoa Futures (May)	\$2,525	+25	\$2,575	\$2,825	\$2,245
Coffee Futures (May)	\$1,500	+0.75	\$1,525	\$1,625	\$1,400
Sugar (LDP Raw)	\$121.8	+1.65	\$121.15	\$122.95	\$119.75
Banana Futures (May)	\$117.15	-0.15	\$117.00	\$117.10	\$116.90
Wheat Futures (May)	\$55.00	+0.9	\$55.25	\$56.25	\$54.40
Cotton Outlook A Index	\$52.00	-0.25	\$52.00	\$52.00	\$52.00
Oil (Brent Blend)	\$17.775	+0.025	\$17.75	\$17.85	\$17.65

Per troy ounce unless otherwise stated. Unquoted, pence/kg, c/dm, b, s/m.

## London Markets

SPOT MARKETS	Latest	Change
Crude oil (per barrel FOB)	187.40	+0.2
Dubai	\$15.90-15.95	-0.05
Brent Blend (May)	\$17.50-17.55	-0.10
WTI (1 pm est)	\$15.40-15.45	-0.15
Oil products		
INVE prompt delivery per tonne CIF		
Premium Gasoline	\$154.15	+0.3
Gas Oil	\$154.15	+0.3
Heavy Fuel Oil	\$154.15	+0.3
Naphtha	\$154.15	+0.3
Petroleum Argus Estimates		
Other		
Gold (per troy oz)	\$339.05	+2.2
Silver (per troy oz)	\$243.53	+3.4
Platinum (per troy oz)	\$1,227.5	+1.1
Palladium (per troy oz)	\$1,302.5	+0.5
Copper (US Producer)	\$1,302.5	+0.5
Lead (US Producer)	\$307.00	+0.08
Tin (Kuala Lumpur market)	\$2,525	+0.08
Tin (New York)	\$2,525	+0.08
Zinc (US Prime Western)	\$1,222	+0.08
Cattle (live weight)	\$1.08	+0.02
Sheep (live weight)	\$1.08	+0.02
Pigs (live weight)	\$1.08	+0.02
London daily sugar (raw)	\$121.8	+0.3
London daily sugar (white)	\$121.8	+0.3
Tate and Lyle export price	\$121.8	+0.3
Barley (English lead)	\$121.8	+0.3
Maize (US No. 3 yellow)	\$1.48	+0.02
Wheat (US Dark Northern)	\$1.48	+0.02
Rubber (API)	\$47.50	+0.75
Rubber (May)	\$47.50	+0.75
Rubber (RSS No 1 May)	\$47.50	+0.75
Cocoa oil (Philippine)	\$2,525	+2.5
Palm Oil (Malaysian)	\$2,525	+2.5
Cocoa (Philippine)	\$2,525	+2.5
Soyabean (US)	\$1,302.5	+0.5
Cotton "A" index	\$52.00	+0.35
Wooltops (44s Super)	\$1,222	+0.35

5 a tonne unless otherwise stated. p/pence/kg, c/dm, b, s/m.

## COCOA - London FPOX

Close	Previous	High/Low
Mar 670	655	670
Apr 690	680	690
May 710	700	710
Jun 730	720	730
Jul 750	740	750
Aug 770	760	770
Sep 790	780	790
Oct 810	800	810
Nov 830	820	830
Dec 850	840	850
Jan 870	860	870
Feb 890	880	890
Mar 910	900	910
Apr 930	920	930
May 950	940	950
Jun 970	960	970
Jul 990	980	990
Aug 1,010	1,000	1,010
Sep 1,030	1,020	1,030
Oct 1,050	1,040	1,050
Nov 1,070	1,060	1,070
Dec 1,090	1,080	1,090
Jan 1,110	1,100	1,110
Feb 1,130	1,120	1,130
Mar 1,150	1,140	1,150
Apr 1,170	1,160	1,170
May 1,190	1,180	1,190
Jun 1,210	1,200	1,210
Jul 1,230	1,220	1,230
Aug 1,250	1,240	1,250
Sep 1,270	1,260	1,270
Oct 1,290	1,280	1,290
Nov 1,310	1,300	1,310
Dec 1,330	1,320	1,330
Jan 1,350	1,340	1,350
Feb 1,370	1,360	1,370
Mar 1,390	1,380	1,390
Apr 1,410	1,400	1,410
May 1,430	1,420	1,430
Jun 1,450	1,440	1,450
Jul 1,470	1,460	1,470
Aug 1,490	1,480	1,490
Sep 1,510	1,500	1,510
Oct 1,530	1,520	1,530

## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar breaches new barrier

THE DOLLAR broke out of its recent narrow trading range, breaching DM1.68 in brisk late trading after chipping away at the barrier all day, writes Neil Buckley.

Dealers said the market had been daunted by rumours of a large sell order at DM1.6780. These orders were either filled or taken out, and the dollar suddenly surged through this level in late afternoon.

It closed at around DM1.6825/35, after an Asian close of DM1.6725/32, and at Y134.40/50, from Y133.71.

The rise surprised many dealers who had predicted that the dollar would spend the next week or two in a consolidative phase, restricted to the DM1.6500-DM1.6700 range.

However, determined buying by a handful of speculators, notably a south-east Asian central bank and a Middle East investor, sparked off a rally. This was backed by a strong Philadelphia Fed survey of business confidence, which

leapt from -0.9 to +18.9.

The dollar was also strengthened by comments from Mr John Law, the French governor, who said he was satisfied by the current level of the dollar against the yen. This contrasted with comments in January of around Y120 was needed to restrain the huge Japanese trade surplus.

Now, however, the Fed does not seem worried enough about the yen level for it to help the Bank of Japan with intervention.

"Given the recent data, we could see a further spurt by the dollar next week, especially if the figures are good," said Mr Gerard Lyons, chief economist at DKB International.

Everything does point to a US recovery in the second half, although this might not be as strong as the market expects.

In Asia, the dollar had been very steady in thin and uneventful trading. The Tokyo

markets were closed for a national holiday.

The D-mark was generally mixed. It rose against the Swiss franc to Sfr0.9070, from a previous Sfr0.9070. Dealers saw more intervention by the Swiss National Bank for the third time this month, with the Sfr0.9100 barrier was breached.

It fell, however, against the French franc, despite worries about this weekend's regional elections in France, in which the ruling socialists are expected to do badly.

It also fell against sterling, although dealers said this had more to do with the stronger dollar than any improvement in sterling sentiment. Sterling closed at around DM2.8619, from a previous DM2.8573, and improved within the ERM to 47 per cent of permitted swing below its central rate, from 50 per cent.

Against the dollar, sterling fell to \$1.7007, from \$1.7130.

## FINANCIAL FUTURES AND OPTIONS

## LIFE LONG ONLY FUTURES OPTIONS

Strike	Call	Put	Settlement	Strike	Call	Put	Settlement
41	4.11	4.11	0.42	41	4.11	4.11	0.42
42	4.22	4.22	0.43	42	4.22	4.22	0.43
43	4.33	4.33	0.44	43	4.33	4.33	0.44
44	4.44	4.44	0.45	44	4.44	4.44	0.45
45	4.55	4.55	0.46	45	4.55	4.55	0.46
46	4.66	4.66	0.47	46	4.66	4.66	0.47
47	4.77	4.77	0.48	47	4.77	4.77	0.48
48	4.88	4.88	0.49	48	4.88	4.88	0.49
49	4.99	4.99	0.50	49	4.99	4.99	0.50
50	5.10	5.10	0.51	50	5.10	5.10	0.51
51	5.21	5.21	0.52	51	5.21	5.21	0.52
52	5.32	5.32	0.53	52	5.32	5.32	0.53
53	5.43	5.43	0.54	53	5.43	5.43	0.54
54	5.54	5.54	0.55	54	5.54	5.54	0.55
55	5.65	5.65	0.56	55	5.65	5.65	0.56
56	5.76	5.76	0.57	56	5.76	5.76	0.57
57	5.87	5.87	0.58	57	5.87	5.87	0.58
58	5.98	5.98	0.59	58	5.98	5.98	0.59
59	6.09	6.09	0.60	59	6.09	6.09	0.60
60	6.20	6.20	0.61	60	6.20	6.20	0.61

Estimated volume total: Calls 2000 Puts 2072  
Previous day's open: Calls 5935 Puts 5476

Strike	Call	Put	Settlement	Strike	Call	Put	Settlement
9500	0.82	0.92	0.01	9500	0.82	0.92	0.01
9600	0.82	0.92	0.01	9600	0.82	0.92	0.01
9700	0.82	0.92	0.01	9700	0.82	0.92	0.01
9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

Estimated volume total: Calls 2000 Puts 2072  
Previous day's open: Calls 5935 Puts 5476

Strike	Call	Put	Settlement	Strike	Call	Put	Settlement
9500	0.82	0.92	0.01	9500	0.82	0.92	0.01
9600	0.82	0.92	0.01	9600	0.82	0.92	0.01
9700	0.82	0.92	0.01	9700	0.82	0.92	0.01
9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

Estimated volume total: Calls 2000 Puts 2072  
Previous day's open: Calls 5935 Puts 5476

Strike	Call	Put	Settlement	Strike	Call	Put	Settlement
9500	0.82	0.92	0.01	9500	0.82	0.92	0.01
9600	0.82	0.92	0.01	9600	0.82	0.92	0.01
9700	0.82	0.92	0.01	9700	0.82	0.92	0.01
9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

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9600	0.82	0.92	0.01	9600	0.82	0.92	0.01
9700	0.82	0.92	0.01	9700	0.82	0.92	0.01
9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

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9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
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9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

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9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

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9700	0.82	0.92	0.01	9700	0.82	0.92	0.01
9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01

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9600	0.82	0.92	0.01	9600	0.82	0.92	0.01
9700	0.82	0.92	0.01	9700	0.82	0.92	0.01
9800	0.82	0.92	0.01	9800	0.82	0.92	0.01
9900	0.82	0.92	0.01	9900	0.82	0.92	0.01
10000	0.82	0.92	0.01	10000	0.82	0.92	0.01
10100	0.82	0.92	0.01	10100	0.82	0.92	0.01
10200	0.82	0.92	0.01	10200	0.82	0.92	0.01
10300	0.82	0.92	0.01	10300	0.82	0.92	0.01
10400	0.82	0.92	0.01	10400	0.82	0.92	0.01
10500	0.82	0.92	0.01	10500	0.82	0.92	0.01



## LONDON STOCK EXCHANGE

## Gloomy close to the equity account

By Terry Byland, UK Stock Market Editor

THE LATEST statistics on domestic inflation did nothing yesterday to revive confidence in the UK stock market on the final day of the Budget trading account which has seen the FT-SE 100 fall by about 3 per cent. A market increasingly upset by a closely-run election campaign will wait nervously for announcement on Sunday of a list of important public opinion polls.

The UK annualised inflation rate of 4.1 per cent in February was a shade below the most optimistic forecasts in the City of London, and undercut lingering hopes for a reduction in UK base rates.

A nervous trading session ended with hefty selling of the March future contract on the FT-SE, reportedly by Goldman Sachs, which left the future

that German public sector wage negotiations had broken down, but the stock market remained focused on domestic political considerations.

The market opened firmly, helped technically by completion of a large trading programme involving about 300 of the smaller, non-Footsie stocks. Goldman Sachs was also said to have been the house involved in the deals, which were both buy and sell operations.

However, with the future still moving nervously, the stock market soon stalled with a gain of eight points, and slipped back to overnight levels.

When the future was sold heavily in the afternoon, the Footsie index briefly fell below the 2,550 mark, touching

2,446.9. There was little substance behind the final rally which reduced the day's fall from 13 Footsie points to 11.

Seal volume improved to 587.5m shares from Thursday's 485.5m as traders sought to close share positions which have cost them dearly over the past two weeks. On Thursday, retail, or customer, business in equities was worth £1bn, indicating that the big institutions have been reshuffling portfolios in the wake of the Budget.

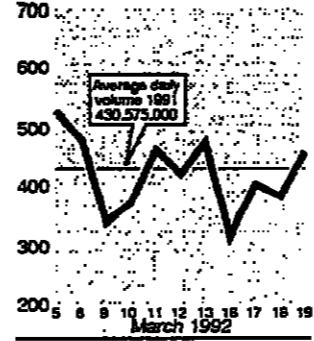
At Strauss Turnbull, Mr Ian Harnett pointed out that since the Budget, the UK market has lost the equivalent of over £2bn, raising the possibility that election uncertainty could once again bring the economic recovery to a standstill.

"A high price to pay to vote," he comments.

● Retail, or customer, volume in equities fell sharply after Budget Day and as the election campaign opened but has now rallied.

## London SE volume

Turnover by volume (million)



## FINANCIAL TIMES STOCK INDICES

	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Year Ago	1991/92		Since 1991		Compilation Low	
							High	Low				
Government Secs	66.06	95.10	66.20	66.40	66.13	65.01	64.55	82.17	127.40	49.18		
							(27/5/92)	(27/5/91)	(39/1/93)	(31/7/91)		
Fixed Interest	59.20	99.42	99.49	99.50	99.62	94.44	101.55	50.58	108.30	50.53		
							(18/2/92)	(29/1/91)	(26/1/91)	(29/1/91)		
Ordinary Share @	1916.5	1923.1	1625.8	1340.8	1930.9	1944.0	2108.3	1605.3	2108.3	49.4		
							(2/8/91)	(16/6/91)	(2/6/91)	(26/8/90)		
Gold Mines	126.4	122.1	121.3	116.0	118.3	145.3	222.8	116.01	734.7	43.5		
							(11/7/91)	(16/1/92)	(15/2/93)	(25/10/71)		
FT-SE 100 Share	2456.6	2487.5	2464.7	2471.2	2470.7	2447.5	2679.8	2054.8	2679.6	986.9		
							(2/8/91)	(2/8/91)	(2/8/91)	(2/8/91)		
FT-SE Eurostock 200	1162.96	1163.58	1165.83	1169.93	1161.33	1124.77	1200.06	938.02	1300.08	639.62		
							(4/3/92)	(16/1/91)	(4/3/92)	(16/1/91)		

## AUTHORISED UNIT TRUSTS

— — — — —

PT Pace & Malley	75.71	75.71	80.54	46.99	0.00
PT Global Road	64.50	64.50	68.62	42.12	4.26
PT Thru	49.20	49.20	52.77	43.57	0.58
PT Cash	185.95	20.95	63.95	46.62	4.93
PT Markey University					
Markey University	112.73	112.73	119.73	43.26	2.86
Markey Univ Yr	112.73	112.73	119.73	43.26	2.86
Markey Smith Co	250.30	250.30	270.65	82.55	11

[illegible][illegible]

Spill in

25 LEE ROAD, LONDON W14 9NF  
 Respiratory Organisation,  
 Greater London,  
 105 New Oxford Road, London WC2A 7DB  
 Tel: 071 - 575 - 0454.

[illegible]

University of Georgia	54	46.25	45.87	46.75	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52	46.52
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**INITIAL CHARGE:** Charge made on sale of **HISTORIC PRICING:** The letter is numbered

[illegible]

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● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128

Continued on next page

● Current Unit Trust prices are available on FT Cityline. Calls charged at 99p/minute (cheap rate) and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

Self is Ihs

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]

AMERICAN  
DO

35 +5

ft.	+ or -	ft.	+ or -
30	-	30	-
27	-	27	-
24	-	24	-
21	-	21	-
18	-	18	-
15	-	15	-
12	-	12	-
9	-	9	-
6	-	6	-
3	-	3	-
0	-	0	-
-3	-	-3	-
-6	-	-6	-
-9	-	-9	-
-12	-	-12	-
-15	-	-15	-
-18	-	-18	-
-21	-	-21	-
-24	-	-24	-
-27	-	-27	-
-30	-	-30	-
-33	-	-33	-
-36	-	-36	-
-39	-	-39	-
-42	-	-42	-
-45	-	-45	-
-48	-	-48	-
-51	-	-51	-
-54	-	-54	-
-57	-	-57	-
-60	-	-60	-
-63	-	-63	-
-66	-	-66	-
-69	-	-69	-
-72	-	-72	-
-75	-	-75	-
-78	-	-78	-
-81	-	-81	-
-84	-	-84	-
-87	-	-87	-
-90	-	-90	-
-93	-	-93	-
-96	-	-96	-
-99	-	-99	-
-102	-	-102	-
-105	-	-105	-
-108	-	-108	-
-111	-	-111	-
-114	-	-114	-
-117	-	-117	-
-120	-	-120	-
-123	-	-123	-
-126	-	-126	-
-129	-	-129	-
-132	-	-132	-
-135	-	-135	-
-138	-	-138	-
-141	-	-141	-
-144	-	-144	-
-147	-	-147	-
-150	-	-150	-
-153	-	-153	-
-156	-	-156	-
-159	-	-159	-
-162	-	-162	-
-165	-	-165	-
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-174	-	-174	-
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-180	-	-180	-
-183	-	-183	-
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-207	-	-207	-
-210	-	-210	-
-213	-	-213	-
-216	-	-216	-
-219	-	-219	-
-222	-	-222	-
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-231	-	-231	-
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-255	-	-255	-
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-300	-	-300	-
-303	-	-303	-
-306	-	-306	-
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-315	-	-315	-
-318	-	-318	-
-321	-	-321	-
-324	-	-324	-
-327	-	-327	-
-330	-	-330	-
-333	-	-333	-
-336	-	-336	-
-339	-	-339	-
-342	-	-342	-
-345	-	-345	-
-348	-	-348	-
-351	-	-351	-
-354	-	-354	-
-357	-	-357	-
-360	-	-360	-
-363	-	-363	-
-366	-	-366	-
-369	-	-369	-

band	+ or -
0.35	+0.05
0.35	+0.25
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2.5	
2.5	-0.10
1.4	-0.1
1.5	
1.50	+0.50
0.6	
0.25	+0.25
0.25	+0.10
0	-0.75
0	-0.50
0	-0.50
0.75	-0.05
0.75	-0.05
0.75	-0.30
0.75	+0.25
0.50	
0.50	+0.01
0.75	+0.50
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0.25	+0.35
0.75	

0.75	+0.75
0.50	+0.50
0.25	+0.25
0.00	-0.25
-0.25	-0.50
-0.50	-0.75
-0.75	-1.00
-1.00	-1.25
-1.25	-1.50
-1.50	-1.75
-1.75	-2.00
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-6.75	-7.00
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-21.75	-22.00
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-22.25	-22.50
-22.50	-22.75
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-23.00	-23.25
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-23.50	-23.75
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-24.75	-25.00
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-26.75	-27.00
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-40.75	-41.00

5.28	+1.25
5.25	-0.10
5.20	-0.10
5.15	-0.02
5.10	-0.02
5.05	-0.02
5.00	+
4.95	-0.02
4.90	-0.02
4.85	-0.02
4.80	-0.02
4.75	-0.02
4.70	-0.02
4.65	-0.02
4.60	-0.02
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4.50	-0.02
4.45	-0.02
4.40	-0.02
4.35	-0.02
4.30	-0.02
4.25	-0.02
4.20	-0.02
4.15	-0.02
4.10	-0.02
4.05	-0.02
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3.15	-0.02
3.10	-0.02
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-3.30	-0.02
-3.35	-0.02
-3.40	-0.02
-3.45	-0.02
-3.50	-0.02
-3.55	-0.02

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2.61	-0.02
2.64	-0.04
2.64	-0.04

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1.12	....
1.41	....
0.32	+0.08
<hr/>	
85	+0.07
2.68	+0.01
1.14	....
0.90	....
1.25	+0.05
2.46	-0.01
5.40	+0.05
0.70	+0.05
11.70	....
4.50	....
19.20	+0.10
8.45	....
2.94	+0.09
2.22	+0.02
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هذه امة السعد

## Dow edges higher in heavy early volume

# Swiss franc depreciation trims growth in Zurich

Equities have had a good start, writes **Ian Rodger**

been apparent for several years, and it was widely known that this would get a big boost this year following modifications to the company law, facilitating share splits and forcing simplification of capital structures.

Some companies, such as Nestlé, made clear several months ago their intention to split their shares as soon as they could. Yet Nestlé shareholders reacted sharply to a newspaper article in January rehearsing this point.

Holstent shares rose on the

## Technical and political influences move bourses

with restrictions on foreign ownership coming off, a single class of shares being established and a 10-for-one share split proposed. Also, group 1999 earnings were up 22 per cent and the dividend was raised. One analyst said the shares were now very attractive, com-

In some cases, significant gaps still exist between the prices of shares and participation certificates of companies which are expected to experience rapid capital appreciation. This, according to Trachsler, offers speculative opportunities, notably in the PCs of Helvetia and the cable maker, Cortaid.

Whatever impact these moves have had so far, there could be further effects after July when the splits will actually be carried out and it becomes easier for small investors to buy than Swiss shares.

However, by then, the current squeeze on interest rates may also have eased, bringing other stimuli to the market. M. Tschanz is looking for another period of rapid growth—15 per cent compared with 12 per cent last year. That would indicate that the market is on a prospective price-earnings ratio of 12.7. "It is not cheap but it is not expensive," he

# Buying interest moves to Australia

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2
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BRITISH FUNDS					BRITISH FUNDS - Cont.					BRITISH FUNDS - Cont.				
Notes	Price	Yield	Notes	Price	Yield	Notes	Price	Yield	Notes	Price	Yield			
1991/92	1991/92	1991/92	1991/92	1991/92	1991/92	1991/92	1991/92	1991/92	1991/92	1991/92	1991/92			
<p><b>"Shorth" (flashes up to Five Years)</b></p>														
99112	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99121	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99122	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99123	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99124	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99125	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99126	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99127	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99128	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99129	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99130	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99131	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99132	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99133	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99134	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99135	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99136	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99137	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99138	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99139	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99140	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99141	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99142	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99143	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99144	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99145	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.95	101.12			
99146	99.12	9.51	8.02	101.12	9.95	101.12	9.95	101.12	101.12	9.				

**THE BURTON GROUP PLC**  
(“Burton”)

**£110,000,000 4% per cent. Convertible Bonds**  
**Due 2001 (the "Bonds")**

**NOTICE IS HEREBY GIVEN** to the holders of the Bonds (the "Bondholders") that, in order to clarify the effect of the terms and conditions of the Bonds, Burton has agreed with The London Debenture Trust Corporation p.l.c., the trustee for the bondholders, a modification to the Trust Deeds constituting the terms and conditions of the Bonds. The modification is set out in a Fifth Supplemental Trust Deed dated 11th March, 1997 and provides that Bonds may only be redeemed by Burton pursuant to a notice (70) after 23rd August, 1997 by a notice to redemption given on or after 19th August 1997, and that greater protection to the Bondholders' rights to exercise options on 25th August, 1997.

Copies of the Trust Deed dated 10th February, 1987 and the Fifth Supplemental Trust Deed dated 11th March, 1997 and the Fifth Supplemental Trust Deed are available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of the Paying Agents.

A Notice has been issued by The Burton Group plc which is solely responsible for its contents.

The Burton Group plc  
21st March, 1997

The FT proposes to publish this survey on  
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(in the International Edition only.)

FT-ACTUARIES WORLD INDICES																
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries																
THURSDAY MARCH 19 1992																
WEDNESDAY MARCH 18 1992																
DOLLAR INDEX																
US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg day	Gross Dtd Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low		
Figures in parentheses show number of times of stock														Year ago (approx)		
Australia (69)	142.22	+0.1	123.20	119.79	123.45	124.51	+0.2	4.44	142.07	121.57	118.63	121.80	120.21	160.31	132.76	136.56
Austria (20)	174.06	-0.1	123.78	146.52	120.10	150.98	+0.2	1.91	173.59	121.64	118.60	150.51	124.79	222.37	153.63	198.95
Belgium (46)	137.82	-1.8	119.21	119.12	119.45	119.45	-0.5	5.08	140.18	118.98	117.05	120.18	117.54	151.26	106.58	116.33
Canada (109)	120.17	-0.1	106.83	112.97	112.78	+0.6	3.28	123.76	111.05	108.35	111.24	112.10	144.28	126.49	137.45	145.45
Denmark (116)	234.37	-1.0	203.12	207.41	203.43	206.88	+0.2	1.78	237.03	202.84	187.99	203.21	212.07	273.94	214.74	248.41
Finland (55)	79.29	-0.4	68.88	66.79	68.82	73.52	+0.3	2.08	79.63	68.14	66.49	68.20	68.20	119.11	68.20	119.11
France (106)	150.17	-0.2	130.17	130.17	130.17	130.17	-0.5	2.33	152.39	130.17	129.39	134.01	134.01	166.43	119.11	180.80
Germany (69)	150.17	-0.2	130.17	130.17	130.17	130.17	-0.5	2.33	152.39	130.17	129.39	134.01	134.01	166.43	119.11	180.80
Italy (106)	150.17	-0.2	130.17	130.17	130.17	130.17	-0.5	2.33	152.39	130.17	129.39	134.01	134.01	166.43	119.11	180.80
Japan (77)	207.20	-1.0	179.49	174.52	176.85	206.05	-0.8	3.79	209.31	179.12	174.78	174.78	208.00	210.00	118.82	148.90
Netherlands (25)	155.93	-0.1	135.08	131.34	135.34	137.80	-0.2	3.71	158.18	135.08	133.05	135.08	135.08	158.18	135.08	158.18
Norway (16)	120.29	+0.2	92.88	90.31	95.08	90.31	+3.1	0.94	120.00	91.89	87.60	89.95	87.60	146.97	104.90	140.39
Spain (61)	240.90	+0.5	206.68	202.90	202.90	240.25	+0.0	2.61	239.68	205.11	203.10	205.47	240.19	250.18	188.18	235.30
Sweden (16)	163.18	+0.3	143.05	139.44	143.05	143.05	+0.3	1.02	164.72	143.05	141.46	143.05	143.05	178.77	138.45	171.46
Mexico (15)	148.98	-0.2	123.05	123.05	123.05	123.05	-0.2	4.33	150.74	123.05	125.87	129.23	127.72	156.48	125.70	139.11
Netherlands (31)	144.91	-0.6	35.81	37.83	38.98	43.51	-0.6	6.32	145.20	36.99	37.95	38.75	43.75	54.84	41.18	44.41
New Zealand (14)	169.94	-1.3	147.21	143.14	147.50	151.37	+0.0	1.69	172.14	147.31	143.75	147.31	155.35	223.24	167.09	202.48
Portugal																

**BUILDING MATERIALS - Cont.**

**CONTRACTING & CONSTRUCTION**  
+ 01 1991/92

Notes	Price	1991/92	
		High	Low
1	100	100	100
2	100	100	100
3	100	100	100
4	100	100	100
5	100	100	100
6	100	100	100
7	100	100	100
8	100	100	100
9	100	100	100
10	100	100	100
11	100	100	100
12	100	100	100
13	100	100	100
14	100	100	100
15	100	100	100
16	100	100	100
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86	100	100	100
87	100	100	100
88	100	100	100
89	100	100	100
90	100	100	100
91	100	100	100
92	100	100	100
93	100	100	100
94	100	100	100
95	100	100	100
96	100	100	100</

P/E	Notes	Price	High	Low
15	Int'lcom	183	194	171

P/E	Company	1996	+1	2002
106	Electra	106	+1	202
120	Flint & Glass	120	+1	125

Unit & Bus.	44 1/2	+1 1/2	44 1/2	24 1/4	1,515	2.8
Easton	44 1/2	+1 1/2	44 1/2	24 1/4	1,515	2.8
Eschen	10 1/2	+7	10 1/2	5 1/2	603.8	3.6

**BUSINESS SERVICES**

Wiggins	8	—	82	
Nolan Bowden	427	—	451	335

- Hewitt	131	+1	100
♦ Hill & Smith	143	-2	180
75 Hill & Lombard	53		13

12.1	EUROPEAN LEADS	4	39
	EUROPEAN LEADS	4	39
	EUROPEAN LEADS	4	39

—	Fleming East	141	—	187
—	Fleming Ear Ridge	61	—	77
7.8	—	28	—	24

<b>CANADIANS</b>	MITIE.....†	175	—	187	1
	W. Madden.....	9	-4	12½	3
	Manitoba.....	224		257	6

- 7-Merrier-Swain... T	385	—	385
- Mitsub Elect Y... F	236	—	334

14.8	MSI Corp.	258	-1	263
7.3	Spirax-Sarco	187	-	152

131	±Sleepy Kids	8	—	23
145	Stakes	25	—	23
103		225	—	23

13.9	Cap	48	---	99
102	Sartmore Scot Inc.M	102	---	115
---	Warrants	---	---	---

[illegible]

13.8	Seaboard	L	248	-4	252	
•	Southern	L	238	-5	250	2
•	South Union	L	202	-4	206	

7.1 Assoc Fisheries	141	139
7.7 Avonmore IS	82	209
8.5	2107	6182

7	11.5	Wills Coroon	238	-3	337
8	18.0	Whitney	17	—	22

75	15.3	Warrants	19		
-	82.4	Independent	37	-12	

[illegible]

Farrell	27 1/2	-1 1/2	27 1/4
*Feedback	19	—	36
Ferranti	5 1/4	—	19

5	13.1	Perkins	141	172
-	-	Plamigan	184	16

4.1	Liberty Life Africa...	877	+7	780
4.2	Lincoln Nat S...	238	+1	239

8.5	18.5	102	+2	77
5.0	—	102	+2	77
5.4	11.3	108	—	78

34Merrydown	h	370	-13	434	346 1/2	26.9	2.2	18.3	WV/Jascall	234	-1	239
35Mortland		458	-12	470	231	98.6	2.1	20.7				
		413		44	81	9.08		7.0				

Position	121	12	138
Facial	53 1/2	1	54 1/2
Paranasal	37	1	38

2.5	5B	Wk/Sem	544	-12	838
		W/Low (Wrs)	225	-3	345
		M B IN	95		125

3.6	12.3	Bullish GNY Jap	482	+3	80
5.0	7.1	Bullish GNY Spain	181	+2	14
3.2	10.7				

16.1	6.6		
09.4	7.7		
11.6	4.1	New Frontiers	57

Explosive L/V	17	—	28½	13½	24.7	—	—	Dean & Bowles	79	10	—	110
Freeman	97	—	233	95	6.32	117	5.0	Camelon Tyson	—	42	—	61
	97	—	—	—	1.78	—	—	McCurtain	—	31½	—	14

3.3	142	TOWNELO	41	—	8
—	—	NE/Westland	99	—	74

5.4	52	Huntleigh Tech	400	—	26
		Intericare	1460	-1	15

1.0	28.9	Denny Inc.	199	-2
1.9	19.6	Cap	198	—
2.5	11.8	Weldon Asia	85	+12

347.0	54.5	Warrants	77	
98.8	16.5	Stopped Pl	125 1/2	val

61.8	-22.0	Warrant	54	54
328.3	47.9	Warrant	53	53
67.1	48.3	Warrant	52	52
328.3	47.9	Cap	34	34
67.1	48.3	Warrant	25	25
105.9	20.1	St Andrews Inc	212	212
105.9	20.1	St Andrews Inc	17	17
75.3	-15.6	Zero Int	112.4	112.4
250.0	2.0	SPRIT inc	327	327
519.3	4.1	SPRINT	94	94
519.3	16.1	Warrant	94	94
39.2	9.4	Schneider Koenig Fund	149.3	149.3
13.4	14.2	Warrant	259	259
35.0	-29.6	Scott American N	112	112
35.0	-29.6	Scott Coast	76	76
35.0	-29.6	Scott East	87.5	87.5
26.3	7.9	Scott Int	54.5	54.5
26.3	7.9	Scott Warrant	28	28
26.3	7.9	Scott Int	28	28
26.3	13.2	Secord Mortgage	143	143

کتابخانه

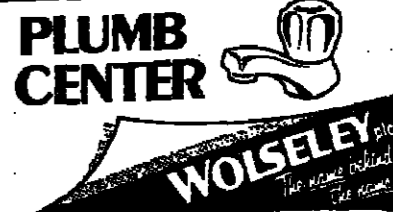
[illegible][illegible][illegible]

Company	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404</
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A FINANCIAL TIME  
for change

## FINANCIAL TIMES

Weekend March 21/March 22 1992



## Maxwell widow foots son's legal bills

By Raymond Hughes and Bronwen Maddox

MRS ELIZABETH MAXWELL, widow of the late Robert Maxwell, who last month described himself as "desperate" in the mystery benefactor helping to pay their son Kevin's legal bills.

Her identity was disclosed in the Court of Appeal yesterday. The provisional liquidators of Bishopsgate Investment Management, which managed Maxwell companies' pension funds, tried unsuccessfully to have her made "jointly and severally" liable with Kevin for BIM's legal costs.

Mr John Bristow, counsel for the liquidators, said Mrs Maxwell had provided £900,000 "at the drop of a hat" to Mr Kevin Maxwell and his brother Ian.

The costs related to Mr Kevin Maxwell's unsuccessful plea that he had a right to remain silent in response to questions from the liquidators about some £450m of missing pension money to avoid self-incrimination.

Lord Justice Dillon said that, according to Mrs Maxwell, around December 11, five weeks after her husband's death, Kevin asked her for £100,000 towards his legal fees. On December 16, Kevin and Ian asked for a further £400,000 each for legal fees. There could, the judge said, be no objection to a mother giving her son money for legal expenses.

"Naturally, in view of the circumstances which have come to public notice since the death of Mr Robert Maxwell, there must be some suspicion that money in the hands of the Maxwell family may have been taken improperly by Mr Robert Maxwell from funds or companies with which he was associated."

But the judge concluded that there was no evidence that the money used by Mrs Maxwell to pay her sons' bills was derived from Bishopsgate or was not genuinely hers.

The first part of her contribution came in the form of almost £100,000 and later another sum of nearly £400,000.

In a magazine interview last month, Mrs Maxwell was reported as saying: "I haven't said anything, because I never for a minute believed that he'd leave me destitute."

A spokeswoman for DJ Freeman, the London solicitors representing Mrs Maxwell, declined yesterday to comment on her assets.

She has also owned for several years a chateau in Montagnac-sur-Lède in the Lot-et-Garonne region. It is estimated to be worth £3m and has a swimming pool, outdoor whirlpool bath and helicopter pad. It has eight bedrooms, four bathrooms and two kitchens.

She may be able to earn further money - publishers have approached her for her memoirs. It is clear, however, that paying for her son's legal bills will make a considerable hole in her assets.

Others assets to the marriage. Some of the property is occupied by Maxwell companies, but it is not known if she retains the title to these assets.

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THE LEX COLUMN  
Deflating the growth stocksThis week's gentle reminder from Guinness that its profits cannot be expected to grow as fast as before in a non-inflationary environment raises questions for growth stocks generally. If inflation makes it easier for companies to post higher profits, then the multiple on which growth stocks trade might be expected to come down as price rises abate.

The question is how the effect will bite. Consumer prices have risen by 36 per cent since 1987. Over the same period profits at Bodyshop grew by 234 per cent, at Remo-kil by 151 per cent, at Guinness by 115 per cent, at Glaxo by 73 per cent and at Tomkins by 272 per cent. Inflation played only a minor part in growth for these companies, at least.

Presumably operating margins can still be widened even when prices are static. The scope for growth by acquisition may diminish, though, as the real cost of debt becomes more expensive. Even companies with surplus cash might find it more attractive to invest in high-yielding gilt-edged stock.

Low inflation thus presents a challenge which will weed out remorselessly companies trading bogus promises of growth.

That suggests the market will look at quality of earnings in reassessing ratings. Historically it does not like paying a premium for rising nominal earnings, which are mostly inflation-induced, but durable real earnings growth of 3 per cent is also 3 per cent when inflation is in double figures.

Japan's banks have so far reacted with surprising calm to the long slide in domestic equity prices. After all, it was widely predicted last year that their capital bases would be so weakened by a Nikkei index at 20,000 that they would be unable to meet the Bank for International Settlements' (BIS) capital adequacy requirements. The ensuing clackback of overseas assets appeared to threaten a worldwide financial crisis.

While the banks' capital position is now just outside the BIS target, it appears they have barely responded. That is partly because the weak trend of the yen has made the repatriation of assets an unattractive method of boosting capital. But there is also a growing sense among the banks that BIS standards are only matters which banks have unfulfilled overseas lending ambitions. In other words, at

FT-SE Index: 2,456.6 (-11.0)

Share price relative to the FT-SE All-Share Index

110  
105  
100  
95  
Feb 20 1992 Mar

Source: Datastream

present they scarcely matter at all - capital ratios can always be rebuilt once the domestic crisis has been resolved.

The lack of concern on international markets does not mean the original thesis was wrong, however. The world credit scene has been hit by the Japanese lenders' spontaneous withdrawal over the last two years, but they still have considerable lending outstanding. If the stock market goes down much further, the world could yet receive a nasty fright.

British Steel

It is no surprise that Midland Bank is the best performing FT-SE stock since the election was announced. More curious is that British Steel should rank as high as eighth when it is under dividend warning. In fact the outperformance dates from before the campaign, but there is no sign of recovery in British Steel's markets and first quarter price rises are barely holding. A Labour government would be too constrained financially to be of much help, but the company would find it harder to retrench further in response to the chronic overcapacity in Europe.

Perhaps the market is less frightened of the dividend announcement since its worst fears for other companies were overcome. But it would make sense for British Steel to conserve cash by cutting deeply. If the dividend were halved, the yield would fall below 8 per cent.

Nestlé

On the face of it, Nestlé's 8.7 per cent increase in 1991 profit was unremarkable. But it seems likely that the group took an as yet unstated

restructuring charge of nearly \$F500m above the line, double the charge a year earlier. Adjusting for that, profits were 14 per cent higher after sales growth of 9 per cent and a volume improvement of 4 per cent.

Such a performance suggests Nestlé can afford a relaxed attitude should its bid for Perrier fail. In the more likely event of success, it will generate additional earnings from the combination of its Vitel mineral water brand with a Perrier business which has plenty of room for improvement. The extensive restructuring in the US and UK is almost complete, so this year's profits should be relatively clean. Although Nestlé's shares are near their all-time high, they are on a prospective multiple of just 12. For investors comfortable with Swiss standards of disclosure, that looks a distinctly inadequate reflection of their promise.

Gold

Gold bugs, it seems, are running out of places to crawl. Already frustrated by the metal's soggy showing in the Gulf War - and the narrow trading range which has prevailed ever since - they are indulging in the further indignity this week of seeing the price dip below last year's important trading point of \$342 per troy ounce. Sizeable distress sales, rumoured to be the work of an eastern European central bank, did most of the damage. Transatlantic speculators seizing on the trend merely added to investors' woes.

The days of expecting the gold price to react sharply to macro-economic shifts now seem but a distant memory. Disillusionment set in long ago with falling inflation and high real interest rates, whereas investors now have a much wider range of hedging instruments if by some chance an oil crisis of mid or late 1970s proportions were to be repeated. Gold has thus become a rather dull commodity, oscillating between small changes in the supply/demand equation but always vulnerable to the unexpected behaviour of big stockholders. The fundamentals point to a marginally tighter market in 1992 and 1993, but it would not do to get carried away.

The lasting appeal of gold, though, is its great anonymity, a characteristic generally not shared by other financial assets. If the market somehow lost this element of secrecy, it really might be finished.

The Texas king who would be president

Continued from Page 1

tackle the country's economic problems; a little of Mr Jerry Brown, the former Governor of California, with his attack on the political contributors who finance electoral campaigns; and a little of Governor Mario Cuomo of New York, whose public musings over whether or not to run for president kept the US entertained last autumn.

The public may not be so appreciative when it discovers he wants to eliminate the federal budget deficit by raising taxes - and improving tax collection - and slashing spending, although he also proposes, billing the US's European and Asian allies for \$100bn each as a contribution to the Pentagon budget.

The core of Mr Perot's message is that the American people are owners of their country and must take responsibility as if they were shareholders.

He also proposes a constitutional amendment barring Congress from raising taxes or voting on its own pay rises. Such measures would have to be decided by referendum.

However, Mr Perot is used to wielding unrestrained power as chief executive, and would find the constitutional limitations of the presidency extremely constricting.

Some commentators believe there is a possibility, though a remote one, that Mr Perot could come to symbolise the "real change" option to many voters, siphoning votes away from both parties, wrote Mr Charles Cook, a Washington political analyst, in Roll Call, Congress's village newspaper.

"There has been no time in modern American history more ripe for a candidate to run for the White House against both parties," wrote Mr Charles Cook, a Washington political analyst, in Roll Call, Congress's village newspaper.

All the same, the odds are heavy that Mr Perot will find candidacy too constraining a role and discover some pressing reason to withdraw.

He has not yet made it clear if as president he would ban beards and moustaches in the civil service, as he did at



# Weekend FT

Weekend March 21/March 22 1992

SECTION II

## Men who won the Falklands peace

islander with a £30,000 per year pension). Although the Falklands now boasts a large and fully-equipped military airport and three highly sensitive radar stations, the combined military presence has been reduced to half a squadron of Phantom aircraft (the Harriers have long since departed), some half a dozen aerial transport units, a company of less than 200 infantry, a frigate and a naval patrol vessel.

One former British marine on the islands said that, if it wanted to, Argentina could recapture the Falklands in 24 hours, for example by landing special forces from a submarine at night and taking out the radar and the phantoms on the ground. But nobody in Buenos Aires seems even to be thinking of such a plan. One reason is that British intelligence has greatly improved. Ten years ago this week, the UK was apparently unaware of a series of key meetings between General Galtieri and an officer attached to the Chiefs of Staff, General Mario Benjamin Menendez.

At one such meeting, while an Argentine foreign minister was still going through the motions of diplomacy, Menendez was informed that a secret decision had been taken by the military junta to invade the islands. According to Menendez, Galtieri dismissed any suggestion that this would provoke a big international reaction. "Menendez," Galtieri said, "that is none of your business... it's the junta's problem and no one else's. I just want you to think about being a military governor."

Two weeks later the Argentines overran the token force of marines on the islands. In Buenos Aires, civilians, including some whose relatives had been tortured and killed, poured through the streets waving flags and bringing Galtieri to the balcony of the presidential palace to rapturous applause.

Thatcher responded by sending a taskforce of 30,000 men and scores of ships, the biggest UK naval operation since the Second World War. Within two months, on the May 21, the first British troops were wading ashore on the rocky gravel beach that lies just below Linda Anderson's Blue Beach lodge. On June 14, Argentine troops surrendered at Port Stanley.

The battle for the Falklands has been described by some military experts as a small colonial war. But the images that linger are those of high human drama which for a while gripped the attention of the world: they include the sinking of the battleship cruiser Belgrano with the loss of more than 400 lives in freezing South Atlantic seas, aerial dogfights of extraordinary skill and daring, the burning hulks of British battleships, and the dejected faces

of the wounded and the defeated. Of the 1000 men killed in the campaign more than 800 were Argentines. But in Argentina, as the tenth anniversary approaches, the fallen are remembered with muted emotions. Jorge Lanata, the 31-year-old editor of *Page 12*, one of the country's most popular newspapers, says: "Three years ago we ran a series on the war. It was treated with total indifference by our readers. Many of them supported the invasion, but they are now silenced by a sense of guilt. They look at the veterans as if they were ghosts." Yet some Malvinas veterans who, like Balza, survived the postwar purge are now in positions of command in a radically altered armed force. Comodoro Gustavo Justo, for example, a former Mirage 5 fighter pilot in the attack on San Carlos Bay, is today Chief of Operational

**Ten years after Margaret Thatcher toppled Galtieri, Jimmy Burns asks: who gained what?**

Planning under a civilian ministry of defence.

On May 21, 1982 Justo led the first big attack on the British beachhead, flying low over the waters of the South Atlantic to avoid radar detection and leaving himself with the minimum fuel necessary to return to base. Justo narrowly escaped with his life, ejecting from his aircraft at 850 kms per hour, after being shot down by a British Harrier jet, equipped with the most modern air-to-air missiles provided by the US. He was only 1½ miles short of his target. A fellow pilot and best friend was killed.

Badly injured and suffering from concussion, Justo lay in a shepherd's hut for several days. He was eventually found by an Argentine helicopter team and shared a field hospital tent with a wounded RAF pilot. "The Englishman said 'what a shit of a war. My parents are old and I was going to get married. But I thought to myself: not only am I married but I know what I'm fighting for'."

Ten years on, Justo is much less sure. "I have known how horrific war can be... There are peaceful options. That is what I am telling my children. It is a lesson that was not passed on to me by my superiors when we fought."

Justo, Balza and the new men at the top have presided over a sharp

contraction of the Argentine armed force, squeezed by budgetary cuts and public indifference. They also perceive that after the Gulf War, a coup in Buenos Aires - let alone an attack on the Falklands - could no longer be sure to escape an international response. Indeed, the Argentine military that defied UN resolutions, today takes part in the UN's global peacekeeping exercises. More remarkably, it also exchanges information with British forces on movements in the South Atlantic.

These big changes in Argentina seem, however, to have escaped the notice of most of the 2,100 islanders. As military spending declines, their improved prosperity depends, partly at least, on Argentina's new policies of fishery conservation and non-belligerence. But for many islanders the traumas of the war have not healed, perhaps understandably in view of the large areas near Port Stanley still made deadly by Argentine mines.

Stanley Wallace, for example, who studied in Argentina and lives with his Argentine wife in Port Stanley, says that while Buenos Aires claims the islands: "The price of dealing with Argentina is potentially enormous. Renewed links would politically destabilise us. It would be different if we were still a disintegrating society with no revenue of our own."

The islanders may have some reason to remain anxious. Although Argentina's President Menem today speaks eloquently about his commitment to the new international order, the same Menem was elected President after labelling the British the "pirates of the world". He said then: "No matter how much time passes, or how much blood we have shed, that territory will be ours again."

If he changed his mind once, might he not change it again? Suspicions that a lunatic fringe of military officers may have been behind this week's bomb attack on the Israeli embassy in Buenos Aires, can only have heightened the islanders' worries. Yet hostility is softening. Some island officials agree at least to attend talks between Britain and Argentina on issues such as fishing and oil exploration.

Meanwhile, Argentine school children are still being taught that the Malvinas belong to them; but they are learning about democracy too. So the question returns: was it worth the fight? Living in Buenos Aires through the war I never doubted that it was, if only because Britain's response promised the destruction of a vicious military regime. On my return to Buenos Aires ten years later, I found a country deepening its determination to put history behind it.

This change, and the restoration of commercial and diplomatic links, make a far more fitting tribute to those, from both sides, who died in 1982, than the islanders' present intransigence.

Jimmy Burns was the FT's Buenos Aires correspondent during the Falklands War. His book *The Land that Lost its Heroes: Argentina, the Falklands and Alfonsín is being republished by Bloomsbury (London) to coincide with the tenth anniversary.*

**GENERAL MARTIN Balza**, Malvinas veteran and Argentina's army chief, sits in his panelled military headquarters in Buenos Aires, fingering four British £1 notes as we talk about the Falklands War ten years ago.

The money represents half his pay as a prisoner of war after he surrendered his artillery position outside Port Stanley to the British forces. The general smiles at the memory of those days when, as a lieutenant colonel, he was short-changed by an English soldier for a tube of toothpaste and a Coca-Cola. But he is not bitter. Argentina, he concedes, was destined to lose because of the incompetence of her former rulers.

Back in March 1982, when I was in Buenos Aires covering the war for the FT, Argentina's then army chief and President, General Leopoldo Galtieri was not a person I wanted to meet unprotected. His

regime's way of dealing with opponents was similar to that of Nazi Germany. More than 8,000 people, some foreigners, had "disappeared" since the coup which brought him to power in 1976.

"I will never forget, just a few days before the Falklands war, watching an old woman, with shopping bag and walking stick, being surrounded and beaten senseless by heavily armed police. By chance, she had strayed into the first big demonstration against the regime. Galtieri had ordered it to be repressed with sabres, gas canisters, long truncheons and live bullets. Yet when Argentina invaded the Falklands, Galtieri became a national hero."

Now ten years later, after the expenditure of 1,000 lives and enough cash to make each islander very rich, history has pushed aside both Galtieri and the woman who defeated him. Margaret Thatcher, whose defiance rang across the world, and helped to deliver a

resounding victory to the Conservative party in 1983, walks sadly from the main political arena next month, almost at the anniversary of her military triumph.

She also was rejected from the leadership of her country, as heroic memories of the struggle began to fade. Yet the questions remain, was it necessary and was it worth the cost? From Balza's office, at least, it seems, the greatest benefit was reaped by Argentina, which escaped a vicious tyranny and brought its generals under political control. Did Britain also deliver a lesson which Argentina (if not the world) will never forget?

Even now, a monument outside the army headquarters in Buenos Aires states that the Malvinas were, are, and always will be Argentine. But Balza declares: "I don't see that there is any possibility of another armed conflict with Britain. We are living in a different world."

It seemed, when I stood in the Falklands a few days later under

the union flag by 15 military graves at San Carlos, that the British Government believes him. All was as quiet as if there had never been a landing of troops, or a frenzied air attack on transports and frigates in that famous sound at the north west of the main island. Now only low-flying upland geese and seagulls disturb the stillness. The nearby military camp lies abandoned - a few empty cabins and a couple of jerry cans. Linda Anderson, owner of the recently opened Blue Beach Lodge nearby, complains that the Ministry of Defence can no longer afford to transport many soldiers to rest in her bed and breakfast.

British officials say the forces still stationed on the islands are enough to defend them. Even so, the UK now spends only \$69m a year on the defence of the islands, less than 7 per cent of the rate of spending in the three years after the war. (Even the present sum, however, could provide each

### The Long View/Barry Riley

## After victory, the battle



IT CAN be tough going when you are rearranging the deck chairs on the Titanic in the icy gale and the freezing rain. You barely have a chance to notice that there are icebergs looming ahead.

Please forgive the overworked metaphor, but manifesto week in an election campaign is a time for cliché of expression rather than clarity of thought. The parties are promising to redouble efforts, and scandals, regenerate inner cities and grasp new opportunities. There is much talk of recovery and growth. But the anxious voter may wonder what the winning party will do if the unthinkable - but, alas, scarcely improbable - happens and the economy is holed below the waterline.

It has happened before so often following closely-contested elections. After all, it is only when the economy is faltering that a change of government is likely to take place. The defending administration is forced to minimise its problems, and defer unpopular actions. In 1984 Labour under Harold Wilson arrived with a spectacular National Plan for 4 per cent economic growth and a promise to exploit the white heat of the technological revolution, but quickly ran into a series of balance of payments crises. In 1970 Edward Heath led the Conservatives back into power but was hured into an ultimately disastrous U-turn on public spending and corporatism by the recession of 1971, of which the Rolls-Royce bankruptcy was the highlight.

Back in Downing Street in 1974, Wilson found the country in a state of acute financial and industrial crisis, afflicted by soaring prices, a sugar famine and the threat of the "doomsday machine" as the corporate sector writhed under an unindexed tax system. He resigned after two years, leaving James Callaghan to call in the rescue troops of the IMF. As for Margaret Thatcher in 1979, promises to rejuvenate the over-regulated economy were soon mostly buried, at least for the time being, amid a burst of 20 per cent-plus inflation and the worst recession since the war. It required Sir Geoffrey Howe's notorious

Budget of 1981 to bring the borrowing and spending balance back under control.

This week a nervous stock market has been adjusting to the idea that the Conservatives may well lose, even if Labour does not win outright. In the past investors have tended to fare badly when governments have changed. I am indebted to Nick Glynn of Kleinwort Benson for his book of election charts which shows that after three of the four general elections I have mentioned gilt-edged were lower in price six months later - by an average of 5 per cent. Equities also fell three times out of four, by 13 per cent on average. The exception in each case was 1970 when the stock market had already tumbled by 20 per cent in the four months before the poll.

All the signs are that the incoming administration next month will walk straight into another mess. Norman Lamont's Budget last week was supposed to be the launching pad for the campaign but only succeeded in boring the public and scaring the financial markets. Labour's John Smith accepted the Treasury's assumptions in framing his shadow Budget this week, but will surely have some rethinking to do should he ever get into No. 11 and have a chance to inspect the "books". All the main parties say they accept the discipline of the European exchange rate mechanism - there is not much choice for the voter here. True, the Tory Manifesto sneers that the ERM "would merely expose the folly of Labour policies" but given the Conservative spending plans the same jibe might be turned against the Tories themselves. Nobody can promise lower interest rates until the Germans lead the way. And the problem is - as the Bundesbank warned this week - that German profligacy following reunification is threatening that country's financial stability.

The big picture is that excessive German government spending is keeping interest rates high throughout the European currency bloc and undermining industrial competitiveness. In Britain the private sector has been

especially vulnerable to these sky-high real interest rates, and the economy appears to be heading into the feared double dip, with news this week of an unexpectedly large dive in industrial production in January and a further rise of 40,000 in unemployment in February. A jump in public spending is the only available policy response, which would be all very well if these were temporary programmes, but if permanent spending levels are ratcheted up this must create the basis for an over-stretching of the public finances at such time as the private sector begins to recover.

There is no attractive route out of this difficulty. If the UK devalues within the ERM there will be some benefit to competitiveness but a blip in inflation will be generated and interest rates, if anything, would have to increase because sterling would have lost credibility in the eyes of the foreign exchange market. In order to bring interest rates substantially down sterling would have to be taken out of the ERM and the devaluation would be very large, probably 20 per cent against the DM. Some politicians are dabbling with the idea of setting up the Bank of England as an independent guardian of the currency so as to make the idea of floating the pound more acceptable; but the Bank might be guarding an open stable door.

Is there any other way? Well, you could warn the public that a year or two of depressed economic conditions may easily lie ahead, and that although some short-term public spending projects might be considered, great restraint would be required in terms of pay levels. The public, in the meantime, should be very careful when buying assets such as houses, because values might well fall. But politicians do not get any thanks, let alone votes, for presenting this kind of negative message. They are there to work miracles, or at least to proclaim with all due modesty that miracles have happened.

This time Labour does not have a National Plan but instead its manifesto boasts of a National Recovery Programme. I wonder if it will be able to handle icebergs.

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### CONTENTS

Finance & the Family: What the parties offer you. III-VI

Sport: A soccer spectacular in Spain. X

Perspectives: Casino wars: how The Donald was trumped. XI

Travel: The apricot-eaters of Shangri-La. XIV

Arts: Kenneth MacMillan's dance of death. XVIII

Interview: The man who does not believe in race. XX



Ken Hom finds the most exciting and authentic food in China is served on the streets.

- Books. XVI-XVII
- Bridge. XIX
- Cheese. XIX
- Crossword. XIX
- Finance & the Family. III-VI
- Food & Drink. IX
- Gardening. VII
- How To Spend It. XX
- Dominic Lawson. XX
- Markets. II
- Motoring. XII
- Property. X
- Sport. X
- Michael Thompson-Noel. XIX
- TV & Radio. XIX
- Travel. XIV

FINANCE AND THE FAMILY / MARKETS AND COMMENTARY

# THE ELECTION AND YOU

## London A case of intrusion into private grief

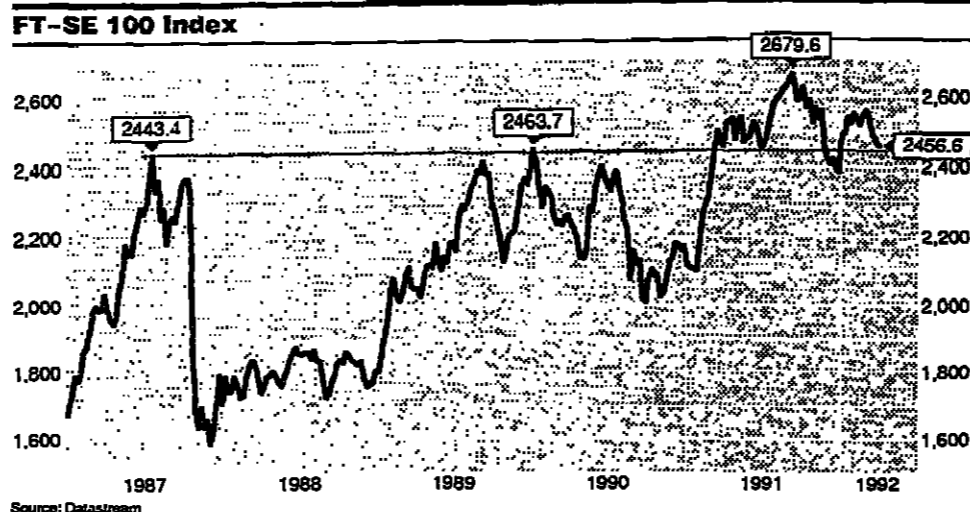
By Peter Martin, Financial Editor

THE NOTICE went up on the Palace railings just before lunch. "The stock market and the Conservative Party are discussing a separation with their respective psephologists. These discussions are not yet complete and nothing more will be said until they are." The torrent of media speculation and the consequent slide in share prices are seen as "especially undesirable" during a general election campaign. One insider said that "the knives are out" on both sides, with harsh words being muttered in private.

For most of their years together, the couple seemed ideally suited. They shared similar interests, such as lower income taxes and easier money. Both formed part of a

boisterous 1980s crowd, fond of talking loudly into mobile phones in restaurants. In retrospect, the summer of 1987 marked the emotional peak in the relationship, as the chart shows. Yet, though the relationship has cooled, friends of the couple say that there is no other party exercising an unhealthy attraction. Some 2,000 or so photographs of the stock market lurching with a sober-suited Scotsman called John Smith were found by a cleaner last year, but it is understood that the relationship has never progressed beyond polite acquaintance.

Some of the stock market's friends fear that a rift may be inevitable. "Frankly, unless something pretty miraculous happens, it'll all be over by April 9," said one. Others, how-



ever, hope for the best. "I think it is early days," said another friend. "If you have a boil and it bursts it often gets all right afterwards."

For most of the week, the stock market has been coming to terms with the possibility of a non-Conservative government. The FT-SE index dropped 19.4 points during the week, closing at 2,456.6. Within that overall decline, shares which might benefit from a Labour government have done markedly better than those which might benefit if John Major stays in Downing Street. Privatised utilities, singled out for tighter

regulation in the Labour party manifesto, have done particularly badly. The week's trends included a continuing tendency - rewarded by the stock market - to pay uncovered dividends. BAT Industries, for example, promised an 8 per cent rise in the final dividend, leaving dividend cover at 0.83, less than half the 2 the company says is its target. BAT shares rose 43p, to close the week at 669p.

Another company following the same trend was George Wimpey, the contractor, which maintained its dividend despite losing money. Joe Dwyer, Wimpey's chief executive, said he was encouraged by flickers of life in the British and American housing markets. Wimpey's UK house sales in the first 2 1/2 months of this year were running about 10 per cent higher than the company had budgeted for, he said. The shares rose 21p on the week, to close at 150p.

Few other bosses were as positive about trading prospects. But the results season is producing noticeably better results than analysts had expected, at least for industrial companies. Warburg Securities' running total of how profits so far compare with what its analysts had expected at the end of January shows earnings declines for industrials of 10 per cent, nearly two percentage points better than had been expected. Industrials dividends have grown at 8 per cent, a percentage point better than forecast.

Still, the election campaign and a steady rise in long-term interest rates have left the market jittery. Evidence of that mood can be seen in the performance of one of the week's big losers, Cable & Wireless. A number of unremarkable pieces of news - the departure of a senior executive and the reorganisation of some of the company's activities - were a trigger for a small-scale sell-off. C&W shares closed the week at 539p, down 62p. The market's reaction seemed to owe as much to a lingering uncertainty about whether Lord Young was taking the company in the right direction as to any specific concerns about the week's news. Stock market analysts were divided on the stock.

A certain ambivalence was also noticeable in the analysts' reaction to the news that Midland Bank was about to be taken over by Hongkong and Shanghai Banking Corporation. Midland shares were unambiguously gaily - they closed on Friday at 543p, up 51p on the week. Shares in the Hongkong Bank dropped; they fell 11 pence on the week, to the equivalent of 300p. So far, so predictable. The ambivalence came in the analysts' assessment of the impact of the takeover on other UK banks. Their shares rose, reflecting the short-term vote of confidence in the sector implied by Hongkong Bank's reappearance as a saviour for Midland. But in the longer term, the deal would strengthen Midland as a competitor in a sector where there is already - from the shareholder's view at any rate - too much capital.

## Serious Money

# Invest in haste repent at leisure

by Philip Coggan, Personal Finance Editor

THERE WAS some really good news this week for those who live off their savings. Labour has abandoned its plans to introduce a 9 per cent investment income surcharge. Admittedly, the surcharge would have applied only to incomes over £3,000 and those over pensionable age would have been exempt. But it would have been an unfair tax.

As readers know only too well, in most cases such income is not "unearned" at all, but the fruits of many years of hard work. A decision to save is merely a decision to postpone consumption to a later date. Interest income is, in large part, compensation for the effect of inflation on the purchasing power of the money saved.

Take a saver earning, say, 10 per cent in the building societies. Income tax already takes 25 or 40 per cent of that return. If inflation stays at around 4 per cent this year, the "real" return for savers will be just 3.5 per cent for basic rate taxpayers and 2 per cent for those on the higher rate. Labour's surcharge would have reduced that real return by a quarter and a half respectively.

The people who would have been most hurt by this tax were those who had retired early and were living off a combination of occupational pension and savings income.

In the absence of the surcharge, savers can afford to view a Labour government with equanimity. Indeed, those who are above state retirement age will enjoy a modest benefit in the form of 55 and 58 per cent increases for single and married pensioners.

Only those whose savings income is over £40,000 (more for married couples and those over 65) will be hit by the new 50 per cent tax band. That will be a minority of savers. For those FT readers who fall into

the category, there are a number of tax shelters (Tessas, national savings, etc) which may ease the burden.

Of course, many would argue that a Labour government will mean higher inflation, the enemy of savers. But given Labour's commitment to sterling's membership of the Exchange Rate Mechanism, inflation might not be the same problem as it used to be.

Some economists are predicting higher interest rates under a Labour government, because the foreign exchange market will test John Smith's determination to defend the pound. That would be good news for savers.

Those who are trying to build up their savings will be rather less cheerful this week, at least if their salary is above £405 per week. A Labour government would impose an extra 9 per cent bill for national insurance on such people, and those with taxable incomes over £36,375 will also be hit by the new 50 per cent band.

These changes will mean quite dramatic falls in post-tax salaries for some high earners. A married man on £100,000 would see his post-tax income fall by over 20 per cent compared with 1991-92 (or around £13,000 a year); a single man on £50,000 would see a fall in his net income of almost 8 per cent.

Is this tax burden excessive? It is worth remembering that during the years 1979-88 - the time of the Thatcher "economic miracle" - the top rate of tax was 60 per cent. (By the way, since the tax burden was lifted by Nigel Lawson, and "incentives for entrepreneurs" created, economic performance seems to have gone downhill. That may, of course, be coincidence.)

We asked Price Waterhouse to compare the tax burden under a Labour government in

1992-93, with that in the year 1987-88, before the Lawson tax-cutting Budget.

The differences are less than you might suppose. Tax and national insurance will take 39 per cent of the income of a married man on £100,000 under Labour in 1987-88, someone on £68,200 (the inflation-adjusted equivalent) would have paid 46 per cent. For someone on £40,000, the equivalent figures are 34 per cent and 31.5 per cent.

People on £25,000 will actually face a lower tax burden under Labour (27.5 per cent of their income), then those on an inflation-adjusted income of £17,000 did in 1987-88 (29 per cent).

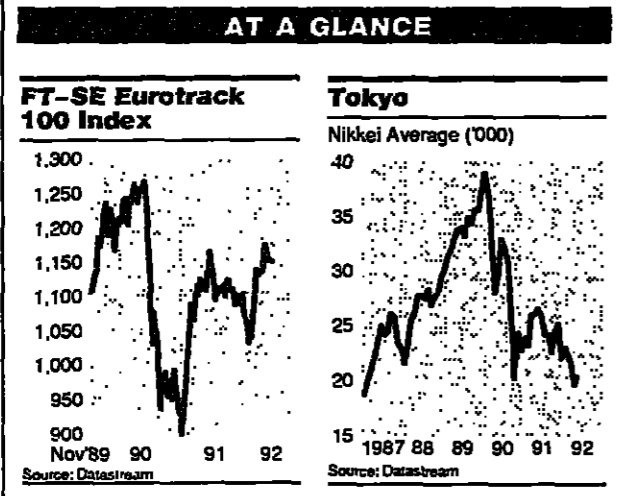
So a Labour government would essentially move us back to a slightly more redistributive version of the pre-1988 tax system. That may not sound so bad in theory.

In practice, however, the difficulties will arise from the fact that the changes are being imposed all at once. This could have really horrific effects on individuals, particularly those with large mortgages, as David Barchard reports on page IV.

Even those who have been prudent will have a lot less money to put aside for saving and they may be forced to run down previous investments to maintain their standard of living. There may be knock-on effects as people retreat from long-term savings commitments, and suffer the penalties.

So those who will be hit by Labour's taxes need to plan very carefully. How much of your take-home pay do you save at the moment? Will you be able to continue to save if your take-home pay falls by 10 per cent under Labour? If not, then beware of taking on further savings commitments in a pre-election rush. The greatest losers in the savings industry are those who stop long-term policies early on.

HIGHLIGHTS OF THE WEEK					
	Price y/day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2456.6	-19.4	2679.6	2054.8	Election uncertainties
Automated Sec	106	-33	270	100	Poor preliminary figs
BAT Inds	686	+43	772	569	Positive results
BM Group	360	-38	431	229 1/2	Lack of support
Cable & Wireless	538	-62	632	429	Restructuring costs
GRE	126	+12	238	98	Better than expected figures
Heath (CE)	402	-37	529	402	Results, Australian flotation
Laporte	550	-41	631	435	Selling ahead of Solway placing
Midland Bank	343	+91	351	150	Agreed merger with HSBC
Morland	468	+90	470	231	Takeover talks
Mosaic Invs	120	-98	310	108	Profits warning
Remold	64	+18	78	46	Bid speculation
Smith (WH) A	431	-26	490	301	DIY price war fears
WPP	70	-25	231	31	Steep drop in profits
Wimpey (G)	150	+21	229	108	Maintains dividend



## Scandals depress Nikkei

The Nikkei 225 share index in Tokyo fell below 20,000 this week, for the first time since February 1987. Political scandals and the weakness of many of the group's leading financial houses have dashed the hopes of many foreign investors that the Japanese market was due to a rebound. Ironically, on Thursday, news that the Japanese economy suffered a fall in output in the last quarter of 1991 caused the market to rebound back above the 20,000 level. The rise was caused by investor expectations that economic weakness would prompt the authorities to cut interest rates.

## A trust for Europe

European markets have had a liberated feel to them since the Berlin Wall came down - prices have fluctuated widely, as the graph shows. This could mean big investment opportunities for those who pick their stocks carefully. Which is why Mercury is launching a New Europe unit trust. It will be a special situations-style trust, aiming to stay small in size, and looking for profits via stock picking, rather than asset allocation. It will have the freedom to invest in any European market, including the UK. Minimum investment is £1,000, or £50 per month via a savings scheme. Front end charge is 5.25 per cent (with a 1 per cent discount during the offer period until April 3), and the annual management charge is 1.5 per cent.

## Endowment policy auction

Foster & Granfield will hold another auction of endowment policies at the Connaught Rooms in London on Thursday, March 26. Over 130 second hand policies will be offered for sale. Further details can be obtained from Foster & Granfield on 071-608-1941.

## Election hurts small stocks

The pre-election nervousness that has hit the stock markets has taken its toll of small company shares over the past two weeks. The Hoare Govett Small Companies Index (capital gains version) fell from 1207.27 on March 5 to 1199.54 on March 12 and 1179.53 on March 12, a total fall of 2.3 per cent. The County Small Companies Index dropped from 956.7 to 953.5 and 937.3 over the same periods, a total decline of 2 per cent.

## Sun Alliance launches bond

Sun Alliance has launched a single premium investment bond with a capital guarantee in the first four years. No income can be taken during those initial years; after that, the normal 5 per cent rules apply. There are withdrawal penalties during the first four years; after four years, the guarantee does not apply. The guarantee is provided by putting 10 per cent of the sum invested into "protector units"; the effect will be to reduce the growth of the bond in the first four years if the stock market surges ahead. The minimum investment is £5,000, and the offer is open only between March 18 and May 13.

# Labour and privatised stocks Should we contemplate a triple whammy?

"WHAT we're saying to people with water shares is that they will be bought, when the time comes, at their proper value," Roy Hattersley, BBC Radio 4, March 18.

"No we won't. The public control that we want is to ensure (the utilities) high standard of security of supply and safety of supply," Neil Kinnock, ITN News, March 18.

P ERHAPS not surprisingly, these are worrying times for shareholders in the privatised water and electricity companies. Even without Labour's apparent policy confusion evidenced above by quotes on the same day, the shares have tumbled as the stock market comes to grips with the possibility of a Kinnock victory.

But what are the risks for shareholders in the utilities and should these shares now be sold?

The answer, according to the experts, is probably not. Although there will be violent short-term gyrations in sympathy with the polls, long-term

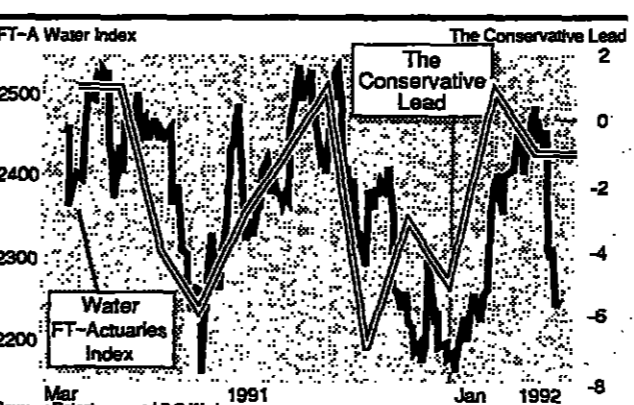
investors who have not yet got out should sit tight. Nigel Burton, who researches utilities for stockbroker SG Warburg, said: "It would be silly to sell them now. They've gone down too far and even if Labour wins, they still offer good value and they've still got good dividend growth."

Peter Hyde, water specialist at Kleinwort Benson, added: "If you're petrified about a Labour victory and you're a short-termist, you should sell. But over the longer term, I don't see much problem holding on to them."

Labour has steadily toned down its policies towards the utilities, even in the last six months. It has abandoned its long-standing policy of nationalising BT or British Gas has long gone, and the two sectors Labour remains committed to restructure as the electricity industry, sold off in 1990, and the water companies.

Nevertheless, the stock market is worried about three sons, a possible "triple whammy".

■ A Labour government might re-nationalise the water and electricity companies, possibly paying too little for the



shares. ■ Labour will insist on tougher regulation and tighter price controls. This would mean lower profits for all the utilities, not just water and electricity. ■ "The dash for gas". Labour says it is determined to protect Britain's coal industry and is opposed to coal imports and gas-fired power stations which are now being built. Although Labour would be good for miners, its policies could push up costs for the electricity companies, depressing profits.

Labour's manifesto, published this week, pledged to restore "public control" of the National Grid, which is owned by the regional electricity companies. The provision of water, the party said, is "so fundamental it is a priority for return to public control."

But public control is not public ownership. Even if Hattersley wants to, Labour may not be able to afford to buy back the water companies. Buying back effective control, 51 per cent of the 10 water companies would cost about

£4bn at today's prices.

But the new government would then have to pay its share of the water companies' £28bn capital investment programme. Given Labour's other spending plans, and high borrowings it would inherit from the Tories, the markets believe Labour's occasional threats to re-nationalise are merely symbolic gestures.

Labour's public control will probably be achieved through tougher regulation. Frank Dobson, Labour's energy secretary, has been attacking electricity companies and its regulator all year. He says prices and profits are rising too quickly. Labour has also criticised directors' salaries.

Labour has not yet decided how to tackle these issues. If the party wins, it will likely start a review of utilities' pricing and regulation. It is committed to forcing electricity companies to become more energy efficient, which usually means more spending and lower profits in the short term. Any review would be bad for utilities' share prices, especially because it would create uncertainty. Some analysts expect a 10 per cent fall in

water stocks if Labour wins.

But others say the fears are overdone. According to this view, the Tories have already toughened up on the utilities. For example, John Wakeham, energy minister, has been trying to keep politically sensitive electricity prices down ahead of the poll.

Either way, the longer term impact of any regulatory changes may not be as damaging as the markets' pessimists expect. The water companies, for example, are expected to lift dividends by 4.6 per cent this year, in real terms. Modest regulatory tinkering by Labour could still leave dividends rising faster than inflation.

The irony, of course, is that electricity and water flotations were partly designed to create stable, if unspectacular, shareholdings. With three weeks to go to the election, and opinion polls rather than prudence driving the market, these shares have been turned into high risk, high reward stocks. But only very rich speculators should buy now in hope of a Conservative victory.

Angus Foster

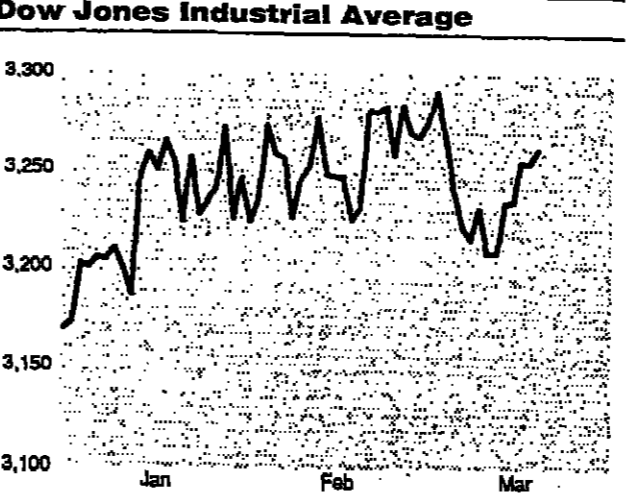
# Wall Street Goodbye to bearers of bad tidings

I T WAS perhaps fitting that this was the week that saw the withdrawal from presidential politics of Paul Tsongas - the man who refused to sugar-coat his views on the US economy.

A few scattered statistics - a jump in housing starts here, improving retail sales there - were meanwhile being seized on by many as evidence that the US economy is in a recovery phase. Bearers of bad news such as Tsongas, the one politician who made it clear that he would not be Santa Claus, are clearly not welcome.

In the Bush camp, Nicholas Brady, the President's tennis partner and the Secretary of the Treasury, took heart from the Federal Reserve's latest survey of economic conditions and interpreted the improving picture as evidence that recovery is officially underway.

Predictably enough, less politically high-profile analysts of the US economy have been less categorical in their projections. "Yes, a recovery seems to be approaching, but it is by no means clear that it will be strong, or quick, or decisive."



seen any dramatic movements lately. It is an article of faith that the Dow is hovering comfortably above the 3,200 level, but the atmosphere is listless.

The equity market more the province of professional traders than retail investors because of yesterday's "triple witching" expiration of certain

options on individual stocks and of the March Standard & Poor's 500 futures options.

In such a patchy market, it was far more interesting for investors to sit on the sidelines and watch Japan-bashers from the car industry score more rhetorical points.

Equally entertaining was the

little soap opera that was played out last weekend in the boardroom at Chrysler, where the mercurial Lee Iacocca was finally persuaded to make good on his promise to retire as chairman at year-end.

Iacocca spent last Saturday in meetings with members of his board and Robert Eaton, the head of General Motors Europe who on Monday was named as Iacocca's successor.

The big loser was Robert Lutz, the former Ford executive who was supposed to be heir apparent, but who co-founded skeptics on Monday by loyally promising to stay at Chrysler even though he has been effectively demoted by the appointment of Eaton.

Chrysler's share price has improved by 25 per cent over the last two months. It stood at \$18 at lunchtime yesterday. The confirmation that Iacocca is finally prepared to hand over the top job seemed to appeal to investors, since Chrysler's share price has risen by nearly \$2 in the wake of Monday's announcement.

Another corporate story that

could affect share prices was the news that Dow Corning, the world's leading maker of silicone gel breast implants, is pulling out of the business.

Dow Corning has been hounded by Congressional investigations about the safety of its implants and hundreds of lawsuits that could result in expensive product liability claims. The company, a 50-50 venture between Dow Chemical and Corning, is not quoted, but Corning's share price has taken a beating in recent weeks. Dow Chemical, which is much less reliant on revenue from breast implants, has not been affected.

But, depending on how the terms of claims and settlements turn out, there could be more of an impact on the share price of both companies.

## Alan Friedman

Monday	3236.36	+ 0.45
Tuesday	3256.04	+ 19.68
Wednesday	3264.25	- 1.79
Thursday	3261.40	+ 7.15

## FINANCE AND THE FAMILY/THE BUDGETS COMPARED

## THE ELECTION AND YOU

## Your money or your vote

## Investment tips you should consider

THERE are 13 investing days to go until the election. This is what the investment professional might call a time of extreme political risk and volatility.

Some less scrupulous advisers and salesmen might call it a great selling opportunity. If your earnings are substantially above the national average, then Labour's tax regime is likely to leave you worse off (see right). Several measures might alleviate the problem, but do not invest in haste, only to repent at leisure over the next five years.

As the tables show, higher top-rate taxes could substantially eat into income, so leaving large amounts of capital tied up for the long term could make life even worse.

The following measures could all make sense, but only if they fit with the underlying logic of your financial planning. Seek advice before acting.

■ **Family Companies** If you are a director of a family company, pay yourself bonuses this tax year rather than next. Accountants Bick Rotherberg suggest that this should be done through the PAYE scheme for this tax year, as this cannot be done retroactively.

Similar arguments apply to the payment of dividends - you might increase them and pay them between April 1 and 5. ■ **Business Expansion Scheme** Labour will abolish the least risky property assured tenancy side of the scheme. So if you were thinking of a BES investment anyway, the logic in favour of doing so becomes greater. But it is essential, in this market, to tread with caution.

■ **Inheritance tax** Make Potentially Exempt lifetime transfers now, as they could be threatened by Labour's long-term plans for IHT. ■ **Capital Gains Tax** "Bed and Breakfast" selling shares and rebuying them the following day to crystallise gains makes more sense than usual, as CGT thresholds are likely to go down under Labour.

■ **Offshore Funds** are not as strong a tax-planning tool as they were, but they do allow you to defer any tax until you bring the funds back onshore. If you are confident Labour will be ousted after five years, they could make sense.

■ **Personal Equity Plans** make sense if you do not trust Labour to keep them, but it may not be wise to buy into equities just as the market hits a period of extreme uncertainty.



Ted Harker: under Lab +£278pa, Con +£128pa



Beverley Williams: under Lab +£129pa, Con +£129pa



David and Caroline: under Lab +£290pa, Con +£290pa



The Ellsworths: under Lab -£1,374pa, Con -£1,777pa



The Hamiltons: under Lab -£12,604pa, Con -£56pa

NEVER BEFORE have British taxpayers been bombarded by two Budgets in successive weeks, writes John Arthurs.

At least one of them will never be fully implemented. But for the time being, both demand close scrutiny.

This week's Budget, from Labour's shadow chancellor John Smith, is necessarily less detailed than Norman Lamont's. But it was explicit enough on the central issues of income tax and national insurance to allow families a fair comparison between the two.

The main provisions were well-trodden: ■ There will be an additional top-rate band of tax, payable at 50 per cent, which will affect those on annual incomes of £40,000 or more.

■ The "ceiling" for national insurance contributions, payable at 9 per cent of income, will be abolished.

■ The new 20 per cent band of tax announced in Mr Lamont's budget will be discontinued.

■ Thresholds will be increased by more than the rate of inflation, to remove many people from the tax system altogether.

There was one pleasant surprise, which was the decision not to levy national insurance contributions on "unearned" income of more than £3,000 for people below retirement age.

This was viewed as a serious disincentive to saving, but Labour have now withdrawn, mainly because it would adversely affect the many people living on income from invested redundancy pay-offs.

Last week, the *Weekend FT* visited five sample households and, with the aid of

Michael Bishopp and Clive Mackintosh of the executive & benefit services division of Price Waterhouse, analysed what effect Lamont would have on their household budget.

We can now, with Price Waterhouse's aid, revisit the households and see how they will do under John Smith.

The results are in the table. Bear in mind that all our basic comparisons are between two Budgets both of which at present are hypothetical.

Ted Harker, is in his early 70s and lives on a modest pension, plus income from savings. His total income is £15,000. He is single, with no mortgage.

He loses the benefits from the new 20 per cent band of income tax, which would have saved him, £100 per year. However, the additional £5 per week which Labour would put on the standard state retirement pension comes to his rescue. As a result, he ends up better off by £2.88 per week under Labour than he would be under the Tories' new budget, or £5.35 better off than he is now.

Beverley Williams, is a young, single woman on a salary of £15,000 a year, and living in a rented flat. She has no commitments, but her financial situation is otherwise almost exactly in line with the national average.

It may therefore not be a coincidence that Labour would leave her totally unaffected. As the table shows, she would pay more tax, thanks to the axing of the 20 per cent band, but less in NICs, thanks to increases in threshold.

The result: she will be a princely £2.48 per week better off under Labour than she is now, exactly the same figure as for the Lamont budget.

David Wallace and Caroline Campbell live in a house they bought together in 1989. They have a £50,000 mortgage, of which interest on the first £30,000 is subject to relief under MIRAS. They both work for a building society, earning £12,500 a year apiece. This makes them "DINKY"s - they have a double income, with no kids yet.

Despite their greater commitments, the maths for David and Caroline work out almost identically to the changes for Beverley Williams.

Their tax-efficient loan thanks to MIRAS survives untouched. Both benefit from the increasing thresholds, while both lose out slightly from the axing of the 20 per cent band.

Neither of them individually is close to the current ceiling for national insurance contributions, so the net result is exactly the same as for Beverley - a Labour budget would make no difference at all. Either way, they are £5.58 better off per week than they are now.

Fiona and Peter Ellsworth will be less wise almost under Labour proposals. They are married, with two children. Fiona is the main breadwinner. She earns £40,000 a year as a solicitor and has a company Golf GTI which completes the year with a business mileage of under 2,501 miles.

Peter, a librarian, earns £10,000. They have a £50,000 mortgage, on which interest

relief on the first £30,000 is available under MIRAS.

They will be grateful for Labour's rise in child benefits, which will move up from £9.07, under the Lamont budget, to £1.035 under John Smith. But the change to National Insurance contributions hit Fiona's take-home pay. If the ceiling is lifted under Labour, her NIC bill shoots up from £1,659 to £3,347. Changes to the Married Couple's Allowance and raised thresholds allow them to avoid any higher Labour taxes, and the couple's total tax bill declines from £12,076, under the budget, to £11,856. However, there is another £307 to be paid on the car.

The net result is to leave the couple £29.83 per week worse off than they would be under Lamont's budget, and £26.42 worse off than they are now.

James and Henrietta Hamilton, who are lucky enough to have a joint annual income of £100,000, are unlucky enough to take by far the greatest hit under Labour. James is a company director on £80,000 per year, while Henrietta has an income of £20,000 per year from investments. Their children have left home.

The new 50 per cent tax rate increases James' tax bill from £30,279 to £35,135, while his NICs go from £1,659 to £7,847. Changes to car benefit put the bill for operating a company car up from £5,956 to £7,445.

The net result is to leave them £241 worse off each week under Labour than they would be under the Conservative budget. James and Henrietta were not going to vote Labour anyway.

## Old age pensioner

	1991-92	1992-93	1992-93
Income	10,000	10,000	10,260
Outgoings			
Tax	1,495	1,350	1,480
Aic & cigs	600	617	617
Tot costs	2,095	1,967	2,077
Free inc	7,905	8,033	8,163
Total gain		£2.48pw	£5.34pw

## Single earner

	15,000	15,000	15,000
Income			
Outgoings			
Tax	2,926	2,788	2,844
NIC	1,161	1,153	1,097
Aic & cigs	600	617	617
Tot costs	4,687	4,558	4,558
Free inc	10,313	10,442	10,442
Total gain		£2.47pw	£2.47pw

## Couple living together

	25,000	25,000	25,000
Income			
Outgoings			
Tax	4,602	4,327	4,438
NIC	1,871	1,856	1,745
Mortgage	5,400	5,400	5,400
Tot costs	11,873	11,583	11,583
Free inc	13,127	13,417	13,417
Total gain		£3.59pw	£5.59pw

## Married with children

	10,000	10,000	10,000
Income			
Husband	10,000	10,000	10,000
Wife	40,000	40,000	40,000
Child ben	871	907	1,035
Total	50,871	50,907	51,035
Outgoings			
Husb tax	1,246	1,109	1,549
Wife tax	11,127	10,957	10,307
Mortgage	5,400	5,400	5,400
Car	1,830	1,914	2,221
Aic & cigs	600	617	617
Husb NIC	711	703	647
Wife NIC	1,656	1,689	3,347
Tot costs	22,556	22,492	24,068
Free inc	28,315	28,415	26,947
Tot gain/loss		£3.40pw	-£26.42

## High earners

	100,000	100,000	100,000
Income			
Husb sal	100,000	100,000	100,000
Outgoings			
Husb tax	35,577	35,417	41,445
Car	5,700	5,956	5,956
NIC	1,656	1,689	8,747
Aic & cig	1,200	1,234	1,234
Tot cost	44,133	44,296	57,382
Free inc	55,867	55,704	42,618
Total loss		£3.52pw	£255.17pw

Source: Price Waterhouse

## What will Labour do with Serps?

THE LABOUR Party's commitment to increase the old age pension by £5 for single people and £8 for couples is well known, but little has been said about the party's plans to revitalise the State earnings related pension scheme (Serps) and to stall the drive towards personal pensions.

Since 1988, 4.6m employees have opted out of Serps using personal pension plans, switching a big chunk of pensions provision from the state to the private sector.

Personal pensions have widened choice. Before 1988, it was only possible to opt out of Serps through an approved occupational scheme. If the employer did not offer such a scheme, the employee was automatically in Serps.

However, a Labour Government would seek to re-establish Serps and good final salary schemes as the twin pillars of UK pension provision. Serps and most UK occupational schemes are based on the final salary concept. Under occupational schemes, each year of service builds up to a pension based on the employee's salary at retirement.

In a money purchase scheme - such as personal pensions - contributions are invested to build up a fund which buys an annuity on retirement. This means that the level of pension depends on the fund's investment performance. There is no guaranteed pension or link with final salary.

Under Labour, Serps would be revamped to provide the benefits it originally offered, before the present Government reduced its value. It will also offer several new features.

First, the Serps pension will be based on an individual's best 20 years of earnings rather than on an entire lifetime. This is particularly important for women who tend to work part time for several years while

they raise a family. Clearly if the pension is based on earnings over an entire career these periods of low earnings would drag down its value.

Second, Labour would increase the value of the pension to 25 per cent of average "band" earnings. Band earnings are the earnings on which National Insurance contributions (NICs) are paid. From April, employees would pay NICs on earnings between £54 and £405 per week.

Of course Labour plans to abolish the upper earnings limit (UEL) for employees' contributions so that NICs will be levied on the entire income over £54 per week. However, the Party will retain a notional UEL to limit the earnings which can be taken into

account for the Serps pension. Third, the new Serps would be open to the self-employed for the first time, thus partly eliminating the need for private plans in this sector.

Fourth, the scheme will allow members to pay additional voluntary contributions, rather like the AVC plans available for members of occupational schemes. Serps AVCs would allow members to make good any shortfall in provision, to build up a higher pension and/or to take part of the benefit as a cash lump sum.

The ability to boost the Serps pension in this way could further restrict the role of personal pensions and free standing AVCs (FSAVCs). Labour also has pledged to increase both the basic and the Serps pensions in line with average earnings, rather than

the present system which links pension increases to retail prices. Earnings inflation tends to outstrip prices by about 2 per cent. The party said it did not plan to abolish higher rate tax relief on contributions.

There will be a new regime for personal pensions. Currently employees with a personal pension can apply for a rebate of band earnings worth up to £1,500 for the 1991/92 tax year. This includes an "incentive" in Labour's view a bribe - to encourage employees to opt out. The Government recently announced it would reduce the incentive to 1 per cent and apply it just to the over-50s after April 1993.

Michael Meacher, Labour's shadow spokesman for Social Security, plans to introduce a series of conditions for personal pension providers and those selling the plans so that employees can make a meaningful comparison with the new Serps benefits. To this end Labour will:

■ Withdraw the 2 per cent incentive immediately and the 1 per cent incentive planned to take effect from April 1993.

■ Ensure that in future occupational and personal pension providers can only contract out of Serps if they can guarantee a minimum pension.

■ Require people with personal pensions to be informed when it is in their best interests to opt back into Serps.

■ Require disclosure of agents' commissions and management charges showing their impact on the investment.

■ Ensure national standards for user-friendly information to compare personal pensions with occupational schemes and Serps, distinguishing between speculative and guaranteed projections.

On occupational schemes, Labour has said it will require preserved pensions - the benefits an employee leaves behind when he or she changes job to be fully index-linked. At present, preserved pensions must be increased by a maximum of 5 per cent per annum or retail prices, whichever is the lower. Labour's proposal also would have a significant impact on the transfer values offered to job changers, since the calculation is based on the preserved pension.

A further concern for the occupational pensions industry is Labour's approach to the equalisation of pension benefits under company schemes. The historic Barber judgment stated that pensions are pay and, as such, must be equal for men and women.

If equalisation applied to all benefits built up before the judgment, the cost to schemes would be up to £50bn. But at the Maastricht summit last December, EC ministers agreed that there should be no retrospective application. However Labour has said it could oppose the Maastricht protocol, which has yet to be ratified and implemented in the 12 member states.

## HURRY

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(Source: Save & Prosper/Micropal)

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## FINANCE AND THE FAMILY

**B** RITAIN'S home owners, already battered by the worst housing market in half a century, had better brace themselves for further nasty shocks if Labour wins the general election.

People used to say that if there was to be a Labour government the first thing one should do was to buy a house by taking out the largest obtainable mortgage and wait for inflation to whittle the debt away.

That was in the 1960s and 1970s, when inflation usually ran well ahead of interest rates.

That experience is unlikely to be repeated in the 1990s. A Labour government is going to have to live inside the disciplines of the European monetary system and interest rates and the cost of borrowing will march in line with inflation.

Add to this picture, a housing market full of homes that cannot find buyers and there are obvious grounds for apprehension about the effects of a drastic change in economic policy.

"We think that some of the measures the Labour Party are planning could be devastating for the housing market," says mortgage broker John Charcol.

People who earn more than £10,000 will be hit by the new 50 per cent on income tax, and Charcol fears that a good proportion of people with incomes above £50,000, who borrowed at the height of the housing boom, may find themselves unable to keep up mortgage payments as a result.

## Labour home price fears

Entering the housing market?  
David Barchard has some advice

Some people, who would have been moving up the housing ladder, may find themselves having to move down, leading to a larger number of higher value properties coming onto the market.

One of these is a rise in interest rates. These tend to be at their lowest around election time and to rise afterwards. Economists in the City are forecasting a rise in interest rates of between half a percentage point and two full percentage points in the months after April 9.

By the summer, on a pessimistic projection, the market could find itself struggling to contend with base rates of perhaps 12 or 13.5 per cent and mortgage interest rates around 13 per cent. A one per cent base rate rise is perhaps more likely, implying a mortgage interest rate of 12.5 per cent.

In such circumstances, would-be home buyers are likely to think twice about entering the market. So, instead of a revival, we are quite likely to see things getting worse.

It is more probable that the fall in house prices will accelerate, at least until base rates

Labour government specifically intended to help first-time buyers. Conversely, first-time buyers may be shy of entering the market because of other likely changes under Labour.

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come down.

John Wriglesworth, housing finance analyst at UBS Phillips & Drew, reckons that prices could plunge by as much as a further five per cent if base rates rise sharply.

Even if base rates do not shoot upwards, building societies and banks are going to find it difficult to hold down their mortgage interest rates. There are two reasons for this.

One is that rates are already too low. The lenders cut rates in January, expecting a further half a percentage point cut in base rates in the budget. It did not happen and the margin between their lending and savings rates is now too narrow to be sustained.

A second reason is that building societies are under pressure on their savings business and if they have to compete with a government which is also trying to attract savings to finance its budget deficit, they will have even less scope for holding down rates to borrowers.

Building society savings accounts look distinctly unattractive compared to other investments such as gilts.

But perhaps savings accounts generally will be a better place for your money than housing. "I don't think you would expect much house price inflation under a Labour Government and if there is a good interest rate available on deposit you should sell and invest the money, but that depends on people's circumstances," says Professor Congdon.

## The Week Ahead

FULL-YEAR figures from P&O, the shipping, construction and property group, on Tuesday are expected to show a drop in pre-tax profits to around £200m - £210m from £261.3m in 1990. This will be the second year of sharply falling profits, though the forecast assumes a more stable second half after interim figures showed a plunge to £73.1m (£182.1m).

P&O's balance sheet was bolstered by a £604m rights issue announced with the interims, when a maintained final dividend was promised.

On Wednesday Reckitt & Colman, the consumer products group, should report a rise in annual pre-tax profits to around £236m-£280m, up from £235.2m in 1990. The main feature will be the performance of Boyle Midway, the US business bought in 1990, in its first full year when some significant savings have been made. Also the benefits of the restructuring of the European business over the last couple of years should be visible. Interim profits were up 13 per cent to £227.6m.

Cookson, the chemicals group, reports its full-year profits on Wednesday. Analysts expect pre-tax profits to well below last year's figure of £97.5m. Estimates at the top end are about £45m, and the market is likely to be disappointed with anything below £40m.

The main concern will be the dividend which was cut last year to 5p for the year. There is nervousness it could be cut again which analysts would take as a signal the new management team has lost confidence in its policies. They will also be looking for any sign of an upturn, particularly in the US.

Wellcome, the healthcare company, which reports its preliminary results on Thursday, gave a profits forecast of not less than £235m (£181.2m) when the Wellcome Trust, the largest shareholder, said it would be selling a substantial part of its 73.6 per cent stake.

Underlying sales growth should be about 20 per cent, with Zovirax, the herpes treatment, and Retrovir, the AIDS drug, performing well. Analysts will also be looking at the performance of new products such as Exocur, a respiratory drug, and Wellbutrin, an antidepressant.

Lasmo, the independent oil exploration and production company will report its results on Wednesday when analysts believe it will show a drop in net income of some £10m to £71m as a result of low oil prices. But the company is also planning to change its accounting practices.

Burmah Castrol, the refining and lubricants company, reports on Thursday and although more insulated from the low oil price than exploration companies, is expected to show a fall in net income to £72m from £97m the previous year.

COMPANY NEWS SUMMARY				
TAKE-OVER BIDS AND MERGERS				
Company bid for	Value of bid per share	Price before bid	Value of bid	Bidder
Lawrence (W.)	49½	50	23	24.08
MacCarthy	36385	338	321	59.51
Polymark Int'l	37	38	34	4.33
Do. Phd. A	151½	183	131	5.08
Stanley	37½	371	274	591.51
Taveners	165	155	130	47.7
Wilkes (J.)	151½	147	177	26.69

All cash offers. \*Cash alternative. \*For capital not already held. \*Unconditional. \*Based on 2.30pm prices 20/3/92. \*TAT suspension. \*50 shares and 100 shares.

PRELIMINARY RESULTS				
Company	Year to	Pre-tax profit (£000)	Earnings (p) per share	Dividends (p) per share

Company	Year to	Pre-tax profit (£000)	Earnings (p) per share	Dividends (p) per share
Alliance Tel	Jan	30,840 (28,980)	43.5 (40.7)	43.0 (40.0)
Alfred Radio	Dec	1,570 L (2,740 L)	-	-
Amey Higgs	Dec	2,500 (2,200)	-	-
Antidote Higgs	Dec	19,200 (29,300)	50.2 (78.0)	19.0 (18.0)
Arjo Wiggins Applian	Dec	318 (447)	3.8 (4.39)	1.11 (1.08)
Automated Security	Nov	231,800 (259,800)	28.0 (23.3)	4.9 (4.8)
BAT Industries	Dec	21,200 (33,000)	11.4 (12.7)	3.2 (3.1)
Bluebird Toys	Dec	1,035 (945,000)	3.32 (2.0)	33.6 (31.1)
Southwark Higgs	Dec	3,550 L (86 L)	-	-
BPP Holdings	Dec	40,300 (45,500)	14.0 (16.0)	6.04 (5.78)
Bristol & West	Dec	6,380 (5,180)	17.9 (15.7)	6.5 (6.3)
Brisland Assurance	Dec	67,400 (60,600)	-	-
British-Borneo	Dec	24,700 (17,900)	39.9 (28.9)	28.5 (25.3)
British Mohair	Dec	3,908 (2,930)	19.9 (18.1)	7.1 (5.3)
BSO Int'l	Dec	2,620 (2,250)	13.7 (12.7)	3.2 (3.2)
Calred Group	Dec	1,100 (13,100)	3.32 (3.9)	1.2 (1.2)
Canal Higgs	Dec	6,870 (4,680)	4.75 (2.5)	2.7 (2.4)
Castle Higgs	Dec	9,800 (8,200)	6.1 (7.0)	3.8 (3.8)
Celestion Inds	Dec	1,050 L (851)	-	-
Cheltenham	Dec	6,400 (45,100)	2.12 (14.4)	1.3 (1.3)
Cheltenham Int'l	Dec	3,040 (9,580)	2.0 (2.9)	1.25 (1.2)
Clyde Petroleum	Dec	201,000 (203,300)	8.88 (8.28)	4.6 (4.8)
Dairy Farm Int'l	Dec	18,700 (22,300)	13.24 (17.6)	7.98 (7.28)
Davis Service Group	Dec	65,800 (67,100)	5.74 (5.27)	5.8 (5.28)
Delta	Dec	3,980 (4,110)	11.7 (12.3)	11.25 (11.25)
Evans Halsey	Dec	2,640 (2,570)	7.13 (8.16)	2.5 (2.25)
Farmer Higgs	Dec	1,500 (3,830)	5.1 (9.11)	5.5 (5.5)
Forward Technology	Dec	872 L (2,340 L)	-	-
Global Group	Dec	2,500 (5,610)	1.25 (3.11)	0.5 (0.5)
Globe Higgs	Dec	10,300 (7,700)	13.8 (11.9)	10.9 (10.9)
Graham Royal Ex	Dec	210,000 (157,000)	-	-
Gunness	Dec	958,000 (947,000)	35.3 (31.8)	10.8 (9.37)
Henderson Highland	Feb	2,000 (2,240)	5.74 (6.27)	5.8 (5.28)
Mill	Dec	73,800 (115,100)	18.0 (23.0)	10.0 (10.0)
Novoco	Dec	3,710 L (6,130 L)	-	-
NSA Int'l	Dec	2,120 (2,830)	4.31 (5.84)	1.39 (1.3)
JB Group	Dec	20,100 (15,100)	13.6 (12.8)	5.0 (5.0)
Johnson Group Cleaner	Dec	16,000 (17,380)	59.8 (57.8)	25.7 (25.7)
Kerry Group	Dec	21,000 (15,268)	14.5 (12.6)	2.15 (2.1)
Kirk-Pitt Holdings	Feb	32,100 (19,400)	13.27 (7.27)	3.35 (2.75)
Leasing (John)	Dec	65,300 L (20,100)	-	-
Law Debenture Corp	Dec	4,308 (4,008)	18.9 (17.6)	17.5 (15.3)
Lex Service	Dec	500 (9,100)	-	-
Lionheart	Dec	2,850 (704)	1.3 (0.82)	0.3 (0.3)
Manders Higgs	Dec	6,040 (6,500)	12.0 (14.3)	7.0 (7.0)
Marley	Dec	25,000 (14,300)	9.0 (3.5)	6.35 (6.35)
Mathews (Bernard)	Dec	13,200 (15,500)	8.95 (7.99)	4.5 (4.5)
Maybourn Group	Dec	2,730 (1,380)	10.1 (5.7)	4.4 (4.4)
Melbourn Group	Dec	7,210 (7,130)	7.62 (7.25)	3.9 (3.49)
Needler Group	Dec	1,740 (6,650)	3.4 (18.6)	7.0 (10.54)
Nestor-SNA	Dec	5,310 (8,020)	5.81 (8.84)	3.15 (3.15)
Padang Senang	Dec	98 (70)	1.12 (0.85)	0.8 (0.8)
Park	Dec	8,550 (9,650)	3.6 (4.4)	3.4 (3.4)
Portale Group	Dec	27,800 (28,900)	31.4 (30.6)	13.8 (13.0)
Refuge Group	Dec	12,600 (13,800)	25.8 (25.6)	29.0 (26.7)
Rentold Group	Dec	94,600 (74,700)	15.6 (12.2)	4.23 (3.3)
RBM American Capital	Feb	605 L (593 L)	8.07 (7.77)	7.8 (7.8)
RPS Group	Dec	493 L (1,740)	-	-
Rugby Group	Dec	55,800 (58,700)	12.7 (14.9)	6.45 (6.45)
Sanderson Murray	Dec	1,550 (836)	44.1 (32.3)	10.0 (10.0)
Schroders	Dec	52,100 (31,800)	82.2 (50.1)	18.0 (14.0)
Smith & Nephew	Dec	132,400 (132,100)	9.0 (9.2)	4.4 (4.35)
Solihby's Higgs	Dec	21,500 (154,600)	0.25 (30.4)	60.0 (60.0)
Spandex	Dec	4,200 (4,300)	20.4 (24.4)	6.0 (5.5)
Stag Furniture	Dec	2,040 (1,170)	18.4 (8.1)	8.5 (5.5)
Steel Burrell Jones	Dec	10,550 (9,440)	18.9 (18.2)	13.2 (12.2)
Suler	Dec	17,500 (24,000)	10.5 (15.0)	8.8 (8.8)
Thal-Euro Fund	Dec	2,870 (2,250)	39.2 (30.4)	22.5 (14.0)
Thames Television	Dec	8,200 (8,900)	4.1 (10.9)	7.5 (16.0)
Thornson Par-Euro	Feb	221# (241#)	1.1 (1.92)	1.0 (0.87)
Trade Indemnity	Dec	46,600 L (28,800 L)	-	-
Trinity Int'l	Dec	13,300 (16,200)	18.1 (21.6)	8.4 (8.0)
Try Group	Dec	2,500 (1,800)	4.7 (5.7)	8.0 (10.0)
Unichem	Dec	21,400 (18,400)	13.6 (12.4)	5.0 (1.5)
Vinten Group	Dec	9,180 (8,650)	20.5 (19.8)	6.8 (6.2)
Wessex	Dec	10,500 (7,800)	13.0 (11.9)	3.0 (2.5)
Wilmshurst (Higgs)	Dec	5,100 (11,600)	21.54 (32.4)	10.5 (10.25)
Wilson Bowden	Dec	27,800 (30,100)	24.6 (28.6)	14.0 (18.0)
Winpey (George)	Dec	16,100 L (43,300)	-	-
World of Leather	Dec	715 (823 L)	0.9 (-)	-
WPP Group	Dec	58,100 (60,000)	27.9 (78.1)	-
WSP Higgs	Dec	1,080 (1,500)	7.2 (10.1)	2.9 (2.9)

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* (p) per share
BSW Convertible	Jan	2,270# (1,820#)	1.5 (1.5)
European Leisure	Dec	45,800 L (4,420)	- (0.5)
P&C High Inc Tel	Dec	467# (274)	1.2 (1.2)
Green (Ernest)	Dec	342	1.1 (1.1)
Hadleigh Inds	Sep	535 L	-
Hendyway	Dec	795 L (383 L)	-
Honeyuckle Group	Nov	589	(243)
MAI	Dec	30,200 (25,800)	1.4 (1.4)
Maudslows (John)	Dec	2,180	(2,590)
M&G Income Inv Tel	Jan	3,770#	- 0.75
Peterson Zochonis	Nov	11,800	(11,200)
Savage Group	Dec	876	(818 L)
Scottish Asden Inv	Jan	357	-
Select Appointments	Oct	508 L	-
Trace Computers	Nov	221	(31)
Walker (Thomas)	Dec	3	(37)

(Figures in parentheses are for the corresponding period.)  
Dividends are shown net pence per share, except where otherwise indicated. L = loss. # = Net revenue. \* = Net profits. \$ = Figures quoted in US dollars & cents.  
@ = Figures quoted in Canadian dollars & cents. † = Available income. ‡ = Last years figures for 18 months. ◆ = Restated figures. § = Post tax profits.

## RIGHTS ISSUES

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## FINANCE AND THE FAMILY

# Jumping on the bond bandwagon

John Authers discusses international bonds for short-term investment

**T**HIS TIME last year, the unit trust industry was piling into a previously under-exploited sector: international bonds. Unit trusts have always been regarded in Britain as primarily an equity vehicle, but at the beginning of 1991 a series of the bluest-chip names in the industry, including Mercury, Baring, Fidelity and Newton, launched bond funds.

The argument was simple. The world was near the trough of a recession, and a recession traditionally is the best time to buy bonds. Yields are high, offering good income initially. Then, as interest rates come down, investors need a lower yield to tempt them into bonds. As yields go down, so the price of bonds must rise, offering the prospect of strong short-term gains.

International bonds were favoured because British base rates were falling already. Meanwhile, European interest rates were ready to fall, while currency risks had been lessened by entry into the Exchange Rate Mechanism (ERM). Also, international bond funds have a more favourable tax position than gilt funds. So investors could

look forward to a quick, tax-efficient gain.

Has it happened? Not really. Over the past year, the average fund in the sector has grown 9.3 per cent; nothing spectacular, although this does put the sector slightly ahead of international growth equity funds, which have put on 7.2 per cent.

Of the brave new bond funds from last year, Mercury's Global Bond unit trust, now worth an enormous £145.6m, is ninth in the sector, having grown 9.9 per cent. Baring's fund is up 9.4 per cent, Fidelity's 10.5 per cent (seventh in the sector) but Newton's only 3.3 per cent (last of the 23 funds with a year's record).

The reason, of course, is that the recession has not ended on cue. The pattern is not uniform across the world, but there are still several economies which have yet to see significant cuts in interest rates. As a result, some of the most attractive bond markets of a year ago, particularly France, are still seen poised to produce comfortable gains.

Peter Oppenheimer, chief international economic strategist at Hambros, sees the world's economies as having reached different points in the

recession. He says: "The axis is still split between those countries which are close to some kind of moderate recovery in growth, and others which are still waiting for cuts in interest rates."

Most of the former are "Anglo-Saxon" economies - the US, Canada, Australia and, to some extent, the UK - and there is little hope of exciting growth in their bond markets. But Oppenheimer foresees strong prospects for bond prices in the rest of the world, particularly Japan and continental Europe.

He says the interest rate reductions which had been forecast for Europe have been tempered by the ERM and, more recently, by a troubled wage negotiation round in Germany. Economic troubles there have helped to keep other European economies offering rather better rates than they would do otherwise; in particular, Oppenheimer notes that France, which has a low inflation rate, is offering real bond yields (above inflation) of 7 per cent. French bonds, therefore, seem overdue for a strong rally.

He adds that when the Bundesbank does cut base rates, it usually does so quickly and substantially. In each of the last two recessions, it cut four percentage points off base rates in 12 months.

Oppenheimer's analysis is shared by many fund managers. Ian Ainscow of Commercial Union - whose PPT Global Bond fund, aimed primarily at umbrella funds, leads the sector over three years - says the fund is as underweight as it can be in dollar bonds. It aims to beat the Salomon Brothers World Bond index, 30 per cent of which is in dollar bonds, so this still requires a heavy amount of US stock.

CU has twice the index weighting in France and is also heavily overweight in Spain. And it has a heavy allocation of yen bonds, anticipating that the Japanese economy is moving into a severe slow-down.

Mercury, however, believes that US bonds should continue to make progress providing fiscal measures are not considered to be "unduly aggressive." But its distribution at the beginning of the year included 33.9 per cent in France, 11.5 per cent in Spain and 14.4 per cent in Japan.

So, the chance of a strong gain in the short term is still there. Whether you should look at bonds as a capital growth investment for the long term is another matter altogether.

Over the past 10 years, the four funds which have been going this long have managed average growth of 166.8 per cent, according to Mitrupal International growth equity

funds grew 256.7 per cent over the same period, and UK growth funds 321.4 per cent. Traditionally, bonds have been prey to the ravages of inflation although this may change in the 1990s, in the view of some commentators.

The five-year figures, which reflect the full impact of the October 1987 crash on equities, show that while the sector has moderate attractions for the risk-averse investor, they should not be overstated. Although the average international bond trust beat a UK growth trust, the return for investors since March 1987 was just 18.6 per cent (a compound rate of only 3.5 per cent per year).

The following view from Fidelity, therefore, seems to make sense: "An international bond exposure could be recommended for investors who expect interest rates to continue falling but who are not confident enough to put their money into equities yet."

Do not, however, expose yourself to international bonds without examining conventional and index-linked gilts first. They are better for the security-conscious investor.

## The small investor and the big takeover

**I**F THE terms are good, many investors are apt to see takeovers of "their" companies as money for jam. But perhaps they should think again.

In April 1988, I bought the shares of a small company called WSL Holdings. Formerly Wolverhampton Steam Laundries, it had been reincarnated not long before by putting together two companies running school tours abroad, educational cruising and skiing. A teacher, I recall, could get a free trip by taking charge of a certain number of children.

WSL, said *Investors Chronicle*, was "the dominant firm in an attractive niche market." There could be additions but there was "no intention of moving into the mainstream travel business."

Unfortunately, I was not the only person struck by WSL's possibilities. A year later, the

Granada group made a successful takeover bid, mainly in shares. There was an immediate profit. But the "attractive niche" had vanished into a labyrinth winding through TV production, bingo halls, property, video rental and so on.

Instead of a single-minded company with an intelligible design, I had acquired a vast, complex undertaking which was difficult to follow and where the "swings and roundabouts" principle seemed likely to apply.

It is surprising how often this happens. Carried away by the immediate profit, the small investor might fail to notice how far his intentions are being subverted.

In the spring of 1987, for instance, shareholders of British Car Auctions had every reason to congratulate themselves upon their shrewdness. Second-hand sales were rising

and the company had transplanted its simple formula successfully across the Atlantic. It had no debt in England.

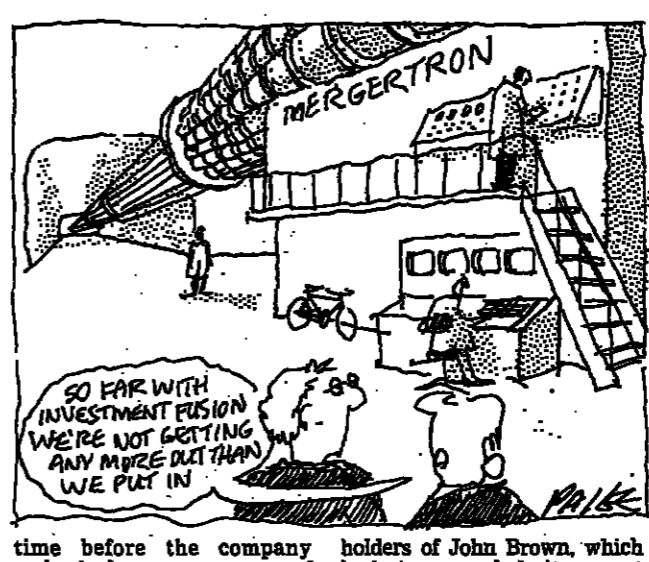
At this point, however, Michael Ashcroft's Hawley Group, which already had a holding in BCA, made an all-share bid for the group. The stated aim was to add another service leg to Hawley's contract cleaning, while providing capital for BCA's US expansion.

Again, there was a satisfactory profit on the deal. That might have caused shareholders to overlook the fact that AGMs would henceforth be held in Hamilton, Bermuda, where the company was registered.

A few months later, Hawley took over a large electronic security group, American District Telegraph, and followed by changing its company name to ADT. At a presentation meeting for British shareholders, Ashcroft assured those puzzled by this change that while ADT might mean little in England, the initials had long been famous in the US.

Using a film and diagrams, he reassured shareholders further that ADT was bound for steady, sober growth thanks to the relatively recession-proof supports of car auctions and electronic security.

This, however, was some



time before the company embarked on a course of investing its funds in a diversity of service enterprises such as BAA, LEP Group and Christie's - in the latter case, just as the bottom was falling out of the once-famous art auction market. BCA's former shareholders have watched ADT's shares slide from over £12 to a low of £2.80 over the past 14 months.

It is not only in the service industries that investors may find their portfolios transformed willy-nilly. How many

holders of John Brown, which had transcended its great Clydeside ship-building past successfully, can have dreamed they would find themselves sharing the conglomerate roof of Trafalgar House?

Did the holders of Northern Engineering Industries realise they would vanish into the maw of Rolls-Royce just when long awaited power-station contracts were on the horizon?

Even without takeovers, though, investors may find the shape of their portfolios changed almost out of recogni-

tion by new chairmen.

## Why Lautro needs you

**I**F YOU are one of the tens of thousands of investors who bought a single premium with-profits bond within the past two years, read this.

Lautro, the self regulatory body for the life insurance industry, wants to know what you thought you were buying when you signed on the dotted line. After reviewing the advertising literature of six of the largest purveyors of this product - by far the most widely sold insurance product in 1991 - they think you may have been misled. If you were, the product provider will be required to explain matters fully to you in writing and if you are dissatisfied, you may be eligible for a full refund.

While exact figures are hard to come by, the industry estimates that some £30n of these policies are outstanding. Last week, Lautro sent a letter to all life companies with details it feels may have been misrepresented to consumers in the sales pitch. It has asked for copies of "sales scripts" - the verbal assurances that were made to you about the product - as well as sales literature.

In particular, Lautro is

concerned that consumers signed up for the policy believing that it was simply a higher yielding form of building society deposit account, that the current high bonus rates were likely to continue and that withdrawals could be made without loss of principal.

Also, Lautro believes the advertising too easily dismisses the ability of the insurance company to cut your bonus. The possibility of a bonus cut appears in the literature as the Market Value Adjustment Rate. What's that? "And well you may ask," said

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Northern Rock BS	Postal Acc 081 285 7191	Instant	£2,000 11.00%	Yly	Yly
Leeds & Holbeck BS	Albion Postal Acc 0532 438292	Instant	£20,000 11.50%	Yly	Yly
Allied Trust Bank	2 Mth Notice Acc 071 626 0879	2 Month	£2,001 11.45%	Yly	Yly
Birmingham Midshires BS	First Class 0902 710710	90 Day	£10,000 11.70%	Yly	Yly
Chelsea BS	Premier Acc 0800 272506	1.2 Year	£10,000 12.00%	Yly	Yly
Nationwide BS	Capital Bond 0793 64465	3.25 Year	£10,000 12.90%	Yly	Yly
<b>TESA's (Tax Free)</b>					
Allied Trust Bank	071 626 0879	5 Year	£3,000 13.24%	Yly	Yly
Nationwide BS	0372 742211	5 Year	£3,000 12.50%	Yly	Yly
Stroud & Swindon BS	0453 757011	5 Year	£100 12.50%	Yly	Yly
Exeter Bank	0392 50635	5 Year	£250 12.00%	Qly	Qly
<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>					
Caledonian Bank	HICA 031 556 8235	Instant	£1 10.00%	Qly	Qly
UDT	Capital Plus 0734 580411	Instant	£1 10.00%	Qly	Qly
Chelsea BS	Classic Postal 0242 821391	Instant	£10,000 10.00%	Yly	Yly
Portman BS	Prestige Cheque 0800 373176	Instant	£50,000 11.25%	Yly	Yly
<b>OFFSHORE ACCOUNTS (Gross)</b>					
Portman Channel Islands	Channel Isls Acc 0481 822747	Instant	£500 10.20%	Yly	Yly
Co-operative	Investment 80 0481 710527	90 Day	£20,000 10.75%	Yly	Yly
Yorkshire BS Guernsey	Key Extra 0481 719898	180 Day	£25,000 10.85%	Yly	Yly
C&G Channel Islands Ltd	Guernsey Bond 0481 715422	1 Year	£50,000 11.35%	OM	OM
<b>GUARANTEED INCOME BONDS (Net)</b>					
Prosperity Life FN	0800 521548	1 Year	£25,000 8.00%	Yly	Yly
Liberty Life FN	081 440 8210	2 Year	£25,000 8.00%	Yly	Yly
Prosperity Life	0800 521548	3 Year	£25,000 8.00%	Yly	Yly
Liberty Life FN	081 440 8210	4 Year	£25,000 8.10%	Yly	Yly
Aetna FN	0800 010575	5 Year	£50,000 8.00%	Yly	Yly
<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>					
Investment A/C		1 Month	£5 8.50%	Yly	Yly
Income Bonds		3 Month	£25,000 10.25%	Mly	Mly
Capital Bonds C		5 Year	£100 11.50%	OM	OM
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
36th Issue		5 Year	£25 8.50%F	OM	OM
5th Index Linked		5 Year	£25 4.50%	OM	OM
Childrens Bond F		5 Year	£25 11.04%	OM	OM

\* Rates on Cheques account fixed till July 1. This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross.  
Fixed + Float Rate (All rates are variable) GILT - Interest paid on maturity, N = Net Rate, B = Bond.  
Source: Moneyfacts, The Moneyfacts Guide to Investment and Mortgage Rates, Westminster House, Bournemouth, Dorset. Readers can obtain a complimentary copy by phoning 0822 822222.

a Lautro official. The literature fails to tell you that a bonus based on strong equity performance in a preceding year, may be cut significantly if, for instance, future returns look likely to fall.

"The MVA has been quite sparingly used in the life insurance industry," said Melvin Lay, valuations actuary at Norwich Union, who pioneered the with-profits bond beginning in 1989.

Furthermore, with-profits bonuses have been paying bonuses at an average 8.5 per cent after-tax yield, making them look like very attractive alternatives for those who keep long-term savings in building society accounts.

However, Lay says, the type of bonuses being offered by with-profits bonds can only be achieved through equity investments.

Norwich Union has largely withdrawn from the market because of the effect the cost of paying bonuses was having on its regulatory reserves.

The largest purveyor of with-profits bonds says it believes its literature is not misleading. Tony Kempster, managing director at Prudential Holborn, said the company has sold more than 20,000 policies and made only two refunds to individuals.

Norma Cohen

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## FINANCE &amp; THE FAMILY/MINDING YOUR OWN BUSINESS

## Regulators may merge

**P** RIVATE individuals could have a regulatory body devoted to their investment business from April next year.

The new body would bring together jobs done by various regulators at the moment, in particular Lauro (which oversees the marketing of life assurance and unit trusts) and Fimbra (which is responsible for a motley array of financial advisers, investment managers and insurance brokers).

The reason for the change: many independent advisers have been driven to become sales agents of life assurance companies. Sir Kenneth Clucas, who had been asked by the Securities and Investment Board, the chief investment regulator, to study the problem, warned this week that the body could get locked into a "vicious spiral". As members leave, the costs of regulation rise for those that remain, forcing more members to leave.

Fimbra members are mostly paid by commissions, and cannot pass the costs of regulation to their customers, said Sir Kenneth. He concluded: "The demise of Fimbra would be

bound to threaten the continued availability of a wide choice of financial advice."

His recommendation is one watchdog to oversee both sales agents and independent, thus sharing the costs of regulation. To this new super-regulator could be added some of the investment managers currently overseen by another body (Imro), together with insurance brokers who answer to the Insurance Brokers Registration Council. The SIB broadly welcomed these ideas and has set about creating a framework committee to bring the new body into existence, so it has a fair chance of happening (though without the support of a large proportion of life companies, it may never get off the ground).

The result may not be a renaissance in independent advice. The SIB is pondering proposals on how commissions paid by life companies are disclosed, and the complete separation of independent advisers and sales agents. These say independents, still leave them at a disadvantage.

Richard Waters



Mixed crops: Kieron and Anne McGrath with their personal computer and few of their 22 pigs

## Safer cheques

**T** HE CHEQUES ACT, a private member's bill sponsored by Conal Gregory MP, became law on Monday.

It means that writing "account payee only" on cheques makes it impossible to divert them to a third party. Cheques crossed in this way are now non-transferable and can only be paid into the account of a named payee. If funds are wrongly paid out, the error lies with the collecting bank. The original signatory and beneficiary of the cheque are both protected.

Though the Act is new law, it will take three months before its commencement orders are issued and it begins to function.

Several of the high street banks, including Barclays and Lloyds, say they are considering issuing personal customers with cheques marked "account payee only."

Customers who want to issue transferable cheques - mostly small traders in a few traditional markets - would be able to request old-style cheques.

For the rest of us, the account would offer greater security from having payment diverted by a fraudster, though there may be complications in cases where a cheque issuer gets a payee's name slightly wrong.

But watch out. The change does not apply to another expression commonly written on cheques, "not negotiable". Not negotiable is not another way of saying that a cheque cannot be transferred. What it means is that if the cheque is transferred, the new payee has no better claim over the payment than the original payee - for instance if the cheque is stolen.

David Barchard

## When computers help to bring home the bacon

Nick Garnett on a couple whose rural idyll is funded by two very distinct businesses

**A** N ODD message echoes out from the answer phone in the McGraths' home in the hamlet of Romington.

"This is Somerset Computer Services and Dancing Pig printing and design at the Bell and Birdtable," it says. "Whether it's computer services, printing or meat and vegetables from the smallholding you are interested in, please leave your telephone number."

It is the dream of many to flee the Smoke and set up shop in a rural idyll as far as is practically possible from the grind of big city life. Kieron and Anne McGrath have done just that. They escaped London in 1981 and bought a small house and a three-acre plot in Somerset. Eight years later, when Kieron no longer wanted to be

away from home as a navigation technician for a US oceanographic company, they added a computer service and desk top publishing business in nearby Taunton to the smallholding.

The couple love living in the heart of the West Country and being their own bosses. But it is not all milk and honey. "There's a lot of hard work and a lot of stress," says Kieron. It is not widely profitable either. Last year the computer and design business had a turnover of £30,000 and Kieron took a salary of just £7,000. The previous year, turnover was £16,000 and Kieron extracted nothing.

Anne, a former buyer for Liberty's, readily concedes that making a living out of a three-acre patch of turf is a pipe dream. "If you can provide food for yourselves and enjoy working

on the smallholding, then any profit is a bonus."

With pigs, sheep, ducks and hens, vegetables of the slightly more unusual variety and flowers for commercial sale, the Bell & Birdtable smallholding sold £5,000 worth of produce last year on which it made a £1,000 profit. It does mean that shopping will not break the bank. "Our weekly food bill is about £10 to £15," Anne says. What gives the couple's finances together is Anne's yearly income of £8,000 from a trust fund.

Kieron bought an Amstrad computer for his own use in 1987 and found himself drawn into helping friends wrestling with computer systems in their small businesses. He had no experience of desk-top publishing but a chance meeting with a

graphics designer living across the field in Romington started the ball rolling and the two of them started working together at the end of 1990. Since then he has bought a Quadra 8000 by Trade Desk with a 40 megabyte memory and an even faster machine, a Dan Technology with 210 megabyte hard disc for £1,500. With a scanning device which can read a hand-drawn and transcribe it onto a computer screen, Kieron says this gives him an adequate desk-top publishing system.

Kieron is determined to keep the business in his own hands but the economics do not work in his favour and he knows it. The two graphic artists he employs charge £15 an hour. For many clients, Kieron adds a surcharge of just £2.50 for the company's hourly rate. "We have to be very

careful how much we charge. Companies down here are unhappy paying more than £20 an hour. A few might go up to £25. You have to work hard encouraging people to spend."

Customers for the design business which uses the trade name Dancing Pig, and counts for two-thirds of turnover, include the Rural Development Commission, a Devon springwater supplier, a willow furniture maker in Bridgewater and a local independent school. Contracts range from a leaflet or prospectus to helping shift a "corporate image", if that is not too grand a term for tiny companies fretting about a naïf logo or dull brochure.

Kieron is also worried about competition. "There isn't much around here at the moment but the cost of entry into this business is coming down and down. I think we'll have to start offering some form of marketing service."

For the time being, the little company has to cope with more mundane problems. Forced to leave its premises - one office and use of the boiler room in a local authority assisted block (rent £35 per week) - it is moving to another subsidised location ten miles away. It is also making its first foray into advertising, spending £400 for one year in Yellow Pages.

Meanwhile, back at the ranch, Anne explains what she has to do to make even a small profit. "You must start vegetables off in optimum conditions and you must offer customers something a bit different."

For the first half of the plan, vegetables and flowering plants at the Bell & Birdtable spend the early part of their lives in "plastic" containers - alias a former bedroom. Growlights consume a miserly 2.5p of electricity a day and the heater sips a gallon of paraffin a week.

For the second part, Anne cultivates somewhat unusual vegetables such as eight varieties of lettuce, purple and yellow beans, squashes and peppers. It is pork though that is the biggest seller, the small-holding is home to 22 squealers.

"With commercial producers, pigs are usually killed at about 15 weeks, kept in small pens, fed to put on weight quickly and producing soft meat with no muscle," Anne says. "Thin skin makes for crackling. I keep my pigs outside all the time to the age of six and a half months and feed them on barley and soya mix with no animal protein. Many pigs are also fed wheat but I don't feed them any milk products."

Anne sells her produce at the door and to local restaurants and pubs. "Selling to shops is a dead loss because of the margins." She has four freezers, each bought for just over £300 and sells half pigs at £15.00 a pound, smaller leg portions going for £2.50 a pound.

Although decamping into the countryside has not proved lucrative so far, "it is a wonderful place to live though," Kieron says.

■ The Bell & Birdtable, Romington, Wellington, Somerset TA21 0QW. Tel 0833 653080.

Directors' Transactions  
High volume

**T** HE stock market's cautious reaction to the Budget and the general election announcement elicited the expected response from directors: the volume of selling increased. Such a reaction may be due to concern about the possibility of higher tax on capital gains under a Labour administration, although that was not mentioned in John Smith's alternative Budget.

Trevor Hemmings, the director in charge of the leisure division at Scottish & Newcastle, has made sales totalling 3.6m shares. Scottish & Newcastle shares have climbed steadily from around 300p in mid 1990.

If further evidence of directors looking to substantial capital gains was required, it was provided by Domestic & General, the insurance company. Martin Copley, the chairman and Howard James, the managing director, sold 1m and 100,000 shares respectively at 950p, in both cases reducing their holdings by around 40 per cent. Shares in Domestic &

General have risen almost fourfold since the beginning of 1990.

We recorded unusually large purchases in BTR just after the announcement of final results. Alan Jackson, the Australian chief executive, bought 100,000 shares at 386.5p while Kathleen O'Donovan, the finance director bought 2,000 shares at the same price. Jackson also chose to exercise an option to buy a further 15,000 shares which he has retained.

■ **Key to sectors:** Brew = Brewers & Distillers; Bus = Business Services; Chem = Chemicals; C&C = Contracting & Construction; Eng = Engineering; F&B = Food Retailing; InsB = Insurance Brokers; InsC = Insurance Companies; Int = Investment Trusts; Med = Media; Misc = Miscellaneous; n/a = not applicable; Oth = Other Financial; OthI = Other Industrial Materials; Prop = Property; Stor = Stores; Tele = Telephone Networks; Text = Textiles.

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Sector	Shares	Value	No of directors
SALES				
Allied Textile	Text	5,000	21	1
Berry Birch & Noble	InsB	35,000	32	1
British Vita	Chem	138,291	332	1
Cable & Wireless	Tele	5,733	35	1
Cater Allen	OHF	5,037	17	2
Concentric	EngG	7,500	21	1
Domestic & General	InsC	1,100,000	10,450	2
Edmond Holdings	C&C	100,000	37	1
Electrocomponents	Eng	31,125	83	1
Fairway (London)	Misc	22,350	14	1
Gregeps	F&B	14,500	57	2
Henderson Admin	OHF	75,000	511	4
Maris & Spencer	Stor	36,018	114	1
Mercury Asset Man	OHF	75,000	273	1
More O'Ferrall	Med	135,426	278	2
Plymu	Chem	25,000	380	1
Propriety Sec Inv	Prop	45,000	350	1
Sainsbury (J)	F&B	42,319	185	1
Scott & Newcastle	Brew	3,600,000	16,225	1
Seaguard	BusE	36,638	56	2
Slingsby (HC)	n/a	9,000	13	1

PURCHASES				
Aberforth SmCo (Wales)	IntR	50,000	27	1
BAT Industries	Misc	3,156	21	2
BTR	OHF	102,000	384	2
Grand Metropolitan	Brew	14,558	45	2
Gr Portland Estates	Prop	100,250	157	2
PFG Hodgson Kenyon	Misc	36,000	15	1
Radius	Eng	400,000	112	1
RIT Cap'l Partners	IntR	50,000	46	1
Sherriff Holdings	C&C	45,000	25	2
St Modwen Prop	Prop	89,000	13	1
TGI Group	Eng	94,000	38	3
Wates City of London	Prop	50,000	33	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (\*) if the stock subsequently sold, with a value over £10,000. Information released by the Stock Exchange 8-13 March 1992. Source: Directors Ltd, Edinburgh.

## Trouble in the pipeline

**M**Y NEIGHBOUR has renewed his entire water system, inserting pipework into the party wall between us. I was never consulted, nor did I give any approval for work affecting the party wall. We live in a 1950s terrace in London, and the walls between the houses are two courses of brick, without a cavity. Water noises now reverberate in the wall, so that anyone in the adjacent rooms is disturbed when water is used next door.

I have approached the neighbour who is unhelpful. What rights do I have and what can I do to end this imposition?

As your house appears to be in the area of the old London County Council you have the protection of the provisions of the London Building Acts (Amendment) Act 1939. Part VI of that Act requires certain notices to be served on an adjoining owner before any work is done to a party wall, to enable a Party Wall Award to be made. This evidently was not done. You should consider a solicitor as soon with a view to taking steps to restrain what is probably a trespass and certainly a nuisance. There may also be sufficient nuisance from noise to enable you to enlist the local authority's Environmental Health Department who can serve a notice

requiring abatement of a statutory nuisance under section 80 of the Environmental Protection Act 1990.

## Carrying over capital gains

**I** HAVE made quite a lot of capital losses this year. When I have offset my gains is it permissible to carry any remaining losses on for use in another year? If so for how many years?

■ Yes, until you die. Ask your tax office for the free introductory pamphlet on capital gains tax, CGT14. This tends to over-simplify the intricate and arbitrary rules, but it is quite good as a starting point. In particular, we have maintained that the rules laid down by Parliament for the deduction of past year's allowable losses are more generous than the rules laid down by the Board of Inland Revenue in the official instruction book for tax inspectors. This point has not yet been decided in the courts, unfortunately, because of the cost of fighting the Inland Revenue up to the House of Lords.

In the case of a Mrs Schofield, for example, who sold antiques which she had inherited before 1963, the question arose as to whether time-af-

pointment should be done before indexation (as most professional advisers and lawyers consider) or afterwards (as the Revenue instruction book says). Mrs Schofield won before a Special Commissioner, but lost in the High Court, she won in the Court of Appeal, but - even though the three judges in that Court were unanimous in dismissing the Revenue's arguments - the Board has insisted on taking the case to the House of Lords. One can scarcely be blamed for wondering sometimes whether the Board is incapable of accepting the idea that it is not infallible as an interpreter of the words approved by MPs in Acts of Parliament.

## Interest on solicitors' fees

**F**UNDS from a deceased relative's estate are being withdrawn from the building society where my relative kept the funds by the firm of solicitors handling probate. The cheque is to be made payable in the name of the solicitor partnership. If that money is paid into the partnership's bank account does the interest accrue for the benefit of the legatees or does it "by custom and practice" accrue for the

Q&A  
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

**benefit of the solicitors?**  
The interest involved is quite substantial.  
■ The interest will be accounted for as income of the estate, and does not accrue for the benefit of the solicitors.

## Tax relief on study

**I** AM taking a part time evening course at the local College of Further Education. The course is the BTEC National Certificate in Business and Finance. The fees this year are £180 and textbooks cost £40. I find this myself. Is it possible to claim tax allowances for these expenditures from the Inland Revenue?  
■ No; the tax relief for certain expenditure on vocational training (announced in last year's Budget) does not apply to payments made before the beginning of 1992-93.

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## HOW TO SPEND IT

## Why quality still counts

Lucia van der Post on what makes the 90s house special

IN THE field of interior design things have been stirring. As we move deeper into the 1990s all those totems of the eighties-style interior, the chintz, the floures, the bibelots, the general air of *luxe*, are now seriously *démodé*. Nineties houses are airier, fresher, simpler. Quality, not quantity, is what really counts.

All this, of course, is hard on those who managed to scrape together enough to pay for the last lot of chintz just in time to learn that it was - hey-ho - out of favour. The good news, though, is that the currently fashionable interior, with its emphasis on simpler, fewer things of genuine quality, is

not only likely to give more lasting aesthetic pleasure but also to be, in the end, cheaper on the pocket.

Do not, though, mistake simplicity for conformity. Simplicity, in decorand, has various moods. In its most urban, most sophisticated and most extreme form it leads to the bleakness of the minimalist interior, almost impossibly bereft of the sort of visual comforts that most of us have become accustomed to. No room there for the funny little vase your child made at pottery classes, the strange glass tree the lady-what-does produced at Christmas or the slightly naff ornaments that your in-laws are so fond of giving you.

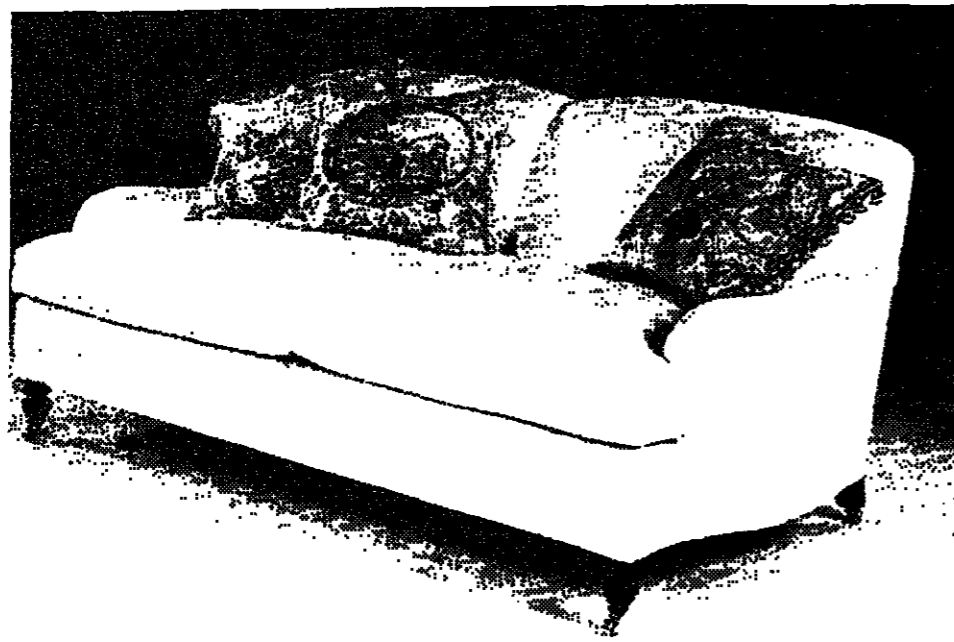
Simple also means ethnic - not the old rough and ready ethnic of the macramé plant-holders and the crudely woven baskets, but the sort of sophisticated ethnic exemplified by Global Village's products and about which I wrote last October. Tables from Rajasthan, forged iron and antiqued rattan chairs from Asia, painted furniture from New Mexico.

Nearer home simple also comes in classical mood, all calm and light, softened by flowing fabrics and natural or gently painted woods. New England-style, too, with its dislike of ostentation, its emphasis on fresh cottons and solid wood, on wrought-iron and folk-

art is right in tune with the current mood.

Most sensitive designers have already responded to the new feeling in the domestic interior - Tricia Guild of Designers' Guild, for instance, has just brought out a collection of sofas, chairs and ottomans which she shows almost entirely upholstered in plain stripes and glinghams. From a designer who originally made her name with a collection of some of the most ravishingly pretty florals ever seen outside a garden this speaks volumes.

Photographed here below are just some of the ingredients that go to make up the new 1990s-style interior.



## Sofa so good

WHEREAS five years or so ago sofas came plumply stuffed and covered in flora of every shape and hue, these days they come classically proportioned and covered in creamy canvas or one of the crisp cotton glinghams reminiscent of New England interiors.

To coincide with Chelsea Design Week, Designers Guild has launched a collection of sofas, ottomans and chairs covered in fabrics from Tricia Guild's latest collection of striped and checked hand-loomed Indian cottons, which she calls Orissa.

There are some 35 different designs and an example of each is on show at the Designers Guild showroom at 271 and 277 King's Road, London SW3.

To go with the sofas is a

selection of different stools, ottomans and boxes. These photographed (right) illustrate the mood of the collection. The two-seater Canonbury sofa ranges from £1,280 to £1,540, depending on the fabric chosen, while the Montgomery chair in the background ranges from £285 - £770. The Brompton long stool starts at £335 and goes on up to £385.

Photographed left is Kingcome Sofas' version of the classical 19th century shape, the Howard. Kingcome have chosen to cover it in a creamy viscose material by Manuel Canovas.

At 6 ft long, 42 in deep, 35 in high the Howard will need 15.5 metres of plain fabric to cover it and it sells for £1,580 (plus vat). See it at Kingcome Sofas showroom at 302 - 304 Fulham Road, London SW10.



## Curves of iron

IN THE currently fashionable interior, wrought-iron is usually much in evidence. There is something about its malleability, its paradoxical combination of visual sparseness and brute strength which seems to appeal to a new generation of designers.

It lends itself to the curving lines the Gothic and classically-inspired pieces require. Once almost solely confined to garden and conservatory these days it is marching into the most modish of interiors. From dining-chairs made from wrought-iron combined with rattan - for Global Village - to the sophisticated designs of Andre Dubruel, wrought-iron is currently undergoing a surge of popularity.

Suzanne Ruggles has been studying wrought-iron's potential and developing ideas with a group of 10 different blacksmiths all over the country. The results can be seen and bought in her shop at 90 Fulham Road, London SW3.

From her first range - a Gothic-inspired collection which included a two-seater sofa, a coffee table, side table, armchair and stool, she moved on to other motifs, including a wheatsheaf settle,

an oakleaf side table and armchair and to her latest range, the neo-classical designs photographed here, right.

Many of her pieces feature the now fashionable motifs of lyres, tassled ropes, cabriole legs and twisted stems.

The sofa sells for £950, while the armchair is £450 (both include the base cushion). The coffee table is £450 and the plant-stand £190. The tall candlesticks (£95) and the sconce (£55) are just two examples from a large collection of candlestands and candelabra, many with a distinctly ecclesiastical air and many inspired by medieval designs. There is a particularly fine plain curving chandelier (£234) while candlestands come in many sizes and designs.

Standing on the plant-stand is a vase made from hand-blown iridescent glass combined with metal which sells for £185, just one of the many hand-crafted pieces commissioned from other designers by Suzanne Ruggles.

Look out for the strange floral sculptures by Kristine Gad as well for work by Isabel Tennent and Caroline Le Cras who have been using traditional techniques such as gilding, verre églomisé, lacquering and painted finishes to produce a stunning series of frames and mirrors.



## Spare rugs

LUSH CARPETS and highly decorative floral motifs are not what the new pared-down 1990s interior requires - honeyed wood or flat-weave kilims, plain creamy woollen rugs or eco-sound seagrass matting is more the thing.

For a newer alternative it is also worth looking at a range of flat-woven pure wool floor coverings by Roger Oates Design Associates.

Launched just two years ago the collection has taken off in a big way in America and France where designers like Jacques Grange seized on it for its air of understated quality and its slightly spare aesthetic look.

If you like Shaker-style, then this is the floor-covering for you.

The floor-covering is woven like very heavy cloth fabric and comes in a range of two-tone herringbone weaves (which are most suitable for those who want a very plain, uniform look) or a series of strongly coloured stripes. The flooring is ideally suited for runners or for being made into rugs or large carpets and it can also be used wall-to-wall. Many customers think the striped versions are ideal for stairs but Roger Oates is keen to point out that, although

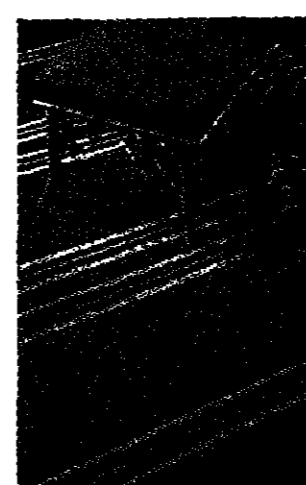
visually they may look the perfect partnership, they are not hard wearing enough for the stairs.

For a plain effect look out for Venetian Hancock (it comes in lots of colour combinations including two greens, a navy and two reds but I like it best in the shades of biscuit) or the small random-textured stripe of Jaspé or Lewis.

The strong stripes are Albany, Vernon, Hampton (photographed here) and Charleston. Prices are about £60 a linear metre.

For a full-colour brochure, swatches and details of local stockists write (enclosing £1.50) to Roger Oates Design Associates, Church Lane, Ledbury, Herefordshire HR8 1DW. (Tel: 0531-2718).

In London the range can be seen and bought at Sinclair



Till, 783 Wandsworth Road, London SW8 and at Bernardout, 328 King's Road, London SW3.

For a more striking modern look for the floor it is worth

looking at the collection of limited edition - just 15 of each design - rugs commissioned by The Contemporary Textile Gallery at Vigo Galleries, 6 a Vigo Street, London W1X 1AE.

Many of our most distinguished textile designers, such as Stan Tucker and Helen Yardley, have produced rugs for the gallery.

Many designs are very strong and a room would need to be planned around them but some, like Suzie Pilgrim's pale Victor Pasmore-like abstract in cream, black and mustard could fit into many an existing modern interior. Prices range from £286 for the smallest rug, while £650 is the average price for rugs of 6 ft by 8 ft.

The most expensive are just over £1,000. The gallery always holds a constantly changing selection - as one design sells out, more arrive.

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## Design tour de force

ANYONE interested in furnishing options might like to know about Chelsea Design Week which runs from tomorrow until Friday.

Some 30 companies in the interior design industry (all London-based and including Designers Guild, Nobilis-Pontan, John Cullen Lighting, Liberty, Colefax & Fowler) keep open house to visitors every day from 10 am to 5 pm (until 7.30 pm on Wednesday).

You can start your tour by signing up at any of the participating showrooms (tel: 071-233-5871 for details) and from then on a fleet of cars will whisk you from one port of call to another.

Harvey Nichols of Knightsbridge, London SW1 is bidding

to become more than just a source of designer labels for ladies who lunch. It is now a serious contender in the home furnishing stakes.

This week it launched several more interior-design-linked concessions on its fourth floor. Last year I reported on the arrival of the Ralph Lauren home collection and the launch of the Mulberry At Home range - now there are 10 more concessions which greatly extend the choice on offer.

Global Village is there with its brand of sophisticated ethnic furniture and artefacts. Belinda Cooles' tapestries and hand-painted furniture nestle besides Kenneth Turner's floral decorations. There are Persian carpets and kilims in the oriental carpet department.

fine linens and layettes at The Monogrammed Linen shop, china and glass at Thomas Goode, decorative items for home and garden from Un Jardin.

Wilson & Cough have a marvellous selection of one-off hand-crafted pieces for the home while Bougies la Française has candles, candles... and more candles. Finally, there is Shaggy, of Bond Street, for everything from diaries to invitation cards and headed writing paper.

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## FOOD &amp; DRINK

## Street Food

## Small eats: China's delicious treats

Ken Hom samples the delights of Dim Sum and market stalls, and eats better in the alleys of Beijing than in the tourist restaurants

ON MY travels in China, some of my favourite "commercial" foods (that is, not prepared at home) have been those served in snack shops, street food stalls, and roadside food carts.

Many Chinese I spoke with seemed to agree that the most satisfying foods outside their homes were found in places offering *ziao chi* - that is, "small eats," or snacks. The streets and alleyways of China's cities and villages are filled with mouth-watering aromas drifting from the many food vendors who line the streets and roadside. Many of the markets are filled with these vendors. Some shoppers eat their snacks while shopping, or simply buy them to supplement their meals, perhaps to keep the children quiet while a meal is being prepared.

Throughout China, soup noodles, prosciutto and satisfying constitute one of the most popular snacks. These are easy for the food vendor to prepare and there is never a lack of customers.

But there are many other popular snack dishes. One of the most cherished "small eats" throughout China is *jianzhi* dumplings, those wonderful boiled, fried or less often - steamed pastries filled with meats, vegetables, garlic, scallions; each with regional touches and variations. I have eaten more of these dumplings - really a well-balanced light meal - than I care to count, and enjoyed them all. In a market in Hangzhou, I have eaten thick noodles in rich soup; light, satiny rice noodle pastries in a street stall in Guangzhou; spicy noodles from a tiny food cart in Chengdu; all quickly and simply prepared, and delicious.

Cooking techniques range from stir-frying to steaming. Variations also exist in what I thought were purely southern-style Chinese foods. For example, I saw a rice porridge with fresh corn, with a topping of chili sauce, at several market villages in Sichuan.

Wontons, dumplings wrapped in a thin noodle wrapping, are found in numerous regional forms. I have even had blanched wontons with wontons stuffed with minced pork in a hearty broth; and the famous "congee" rice porridge - so popular in southern China - on many street corners of China.

Perhaps this habitual and sustaining snacking started because for so many centuries officials and workers in the cities kept such long hours that restaurants stayed open and vendors hawked their goods until late at night, even until dawn.

Much of China's legacy of street foods and vendors remained intact until the People's Republic of China was established in 1949, when it was decreed that such private entrepreneurial initiatives were too "bourgeois," individualistic (running against the collective efforts of the time) or otherwise retrograde to be allowed to continue. Food stalls, vendors, hawkers and even most restaurants disappeared; their employees directed into other occupations or forced to migrate. The recent policy reforms of the last decade have allowed and even encouraged the re-emergence of these venerable institutions; already, many have recovered their previous levels of culinary skill and service, as I was lucky enough to experience.

In Western China, walking around the

so-called "night markets," where delicious smoked pork treats are sold, open until the wee hours of the morning to serve night shift workers and hungry people in general, I could see that almost every identifiable part of the pig was available.

Wine shops sold bowls of what is called "white wine" - a strong potion, actually more like a vodka, brewed from a type of millet. I watched with fascination as the local people strolled into the shops for a quick drink, while others entered with jars and bottles to have these filled for home consumption. It was evident that everyone appreciated the convenience of these night markets.

In Beijing, long famous for its "small eats," night markets and street stalls have sprouted like mushrooms since the government has allowed them back in business. I was struck by the carnival atmosphere of the street scenes, crowded with people sampling the assortments of local and regional favourites on offer to them.

It is said (and I concur) that one may eat better at the sidewalk food stalls in Beijing than at most of the fancy restaurants to which tourists are shunted.

Freshly-made pulled noodles are boiled and served, as are homemade *jianzhi* dumplings. Beijing sausage, Sichuan cold noodles, Tianjin turnovers, Lanzhou noodles, Wenzhou fishball soup and Xinjiang mutton barbecues. I sampled all of these at the Wangfujing street market in Beijing.

Far away from Beijing, in Chengdu, Sichuan, a different sort of "small eats" were consumed. A local Sichuanese, who took me to a place which specialises in typical Sichuan snacks such as Dan Dan Mian - spicy noodles tossed with chili and minced pork - which I consumed in two minutes amid the street traffic "pearl balls" - a sweet glutinous rice pastry; and the famous Chengdu Humtums - dumplings known in the West as wontons, tossed here in a marvellously spicy sauce with a good sprinkling of roasted ground Sichuan peppercorns.

I also sampled a light egg crepe filled with meat, and steamed pork dumplings - all of these in the most appropriately named snack restaurant, *Long Chao Shou* ("The Dragon's Eating Place"), home of fiery and assertive snacks.

The best and most famous of snacks hall



Chinese street life: every type of regional food is available from the vendors who line the alleys and markets

from the south of China, in the Guangzhou (Canton) region. This is the home of dim sum (meaning "heart's delight" or "to touch the heart"). It has been carried round the world by Cantonese emigrants.

Guangzhou is also the home of the tea house, the ultimate in "small eating," specialising in snacks only - and in teas. The balmy subtropical climate of the region, with its long sunny days and calm nights, creates an atmosphere of sociability in a situation of relative abundance: the Cantonese, with reason, believe that their cuisine is the best in China. They make the most of it as often as they can, and these shops are always busy.

Dim sum snacks are available from early morning until the late afternoon, with the busiest times in mid-morning and mid-afternoon.

Substantial breakfasts of fancy rice porridge with peanuts, meat, fish and seaweed are served in this region. Noodle soups are to be had here, as elsewhere in China. But in this part of China meat is

almost always included along with noodles, and dumplings in soups are common. The portions are as large as the equivalent of a light meal.

Foreign foods, especially Western-style baked breads, rolls, and pastries, have been added to the selections. In the Canton region, these so-called snacks are really more than that: they comprise a very substantial late breakfast or heavy lunch. Elsewhere in China, however, dim sum remains "small eats."

The number and variety of the Cantonese regional snacks defy description. In one tea house, more than 2,000 dim sum dishes are offered on a rotation basis. Such exquisite savoury dishes include steamed dumplings with minced pork and prawns; chicken soup with dumplings, steamed rice flour filled with assorted meats; deep-fried beancurd filled with pork and shrimp; steamed minced meat balls; and sliced beef liver with steamed shrimp dumpling.

The equally impressive menu of sweet dishes includes such items as crisp sticky sweet cake topped with almonds, bean-filled cakes, sesame balls in sweet syrup, custard tarts, and sweet red bean paste soup. In northern China these types of snacks are known as *dim xun*, the name referring more to sweet dessert snacks than to the savoury ones in the south; a mandarin form of dim sum.

For much of China's culinary history, snacks and street foods have played a key role in Chinese social life. These places are, perhaps, akin to cafés and bars in the western world.

During the Cultural Revolution there were justified fears that this feature of Chinese life would be wiped out. But more prosperous times, combined with economic reforms, have restored some part of China's food culture.

And today, street food stalls and their unique brand of snacks continue their contribution to Chinese social life.

## Fish for Lent

## Luxurious penance

NOW THAT the British are eating less and less meat, surely fish should fill the gap?

This is a good time to test that theory, for Lent is the traditional season to forego meat. I would not, however, risk serving a dish that is aggressively fishy to guests whose tastes I do not know. Fish, tail, scales, skin, bones, head, and innards - all of them can cause nervous diners to panic, and the presence of bones might make them choke.

Bowdlerised versions - fish dishes using fillets, purées and flakes - are better winning converts to the pleasures of fish; witness the general popularity of fish pie, fish cakes and kedgeree. The only trouble with this trio is that its associations with the nursery are strong. For a dinner party, you might prefer recipes with a little more panache. The two that follow are simple, but luxurious enough to guarantee no hint of Lenten penance.

## SCALLOP QUENELLES

(serves 8)

Featherlight and creamy these are the loveliest of fish delicacies. Sauce Nantua is the classic accompaniment, and it works well using prawns if you cannot get hold of freshwater crayfish. Bearnaise sauce and *beurre blanc* are quicker to

make and also excellent, particularly if a handful of shrimp is added just before serving.

Take care to measure quennelle ingredients carefully: the ratio of seafood to cream and egg white is crucial. Quenelles traditionally are served fresh from poaching, which is best, but cooks who like to avoid last-minute work at the stove will be heartened to hear that they can be cooked ahead and reheated gently.

Ingredients: 1lb fresh scallops (this is the net weight needed after trimming away black intestinal threads and hard white muscles); 4 fl. oz. double cream; 4 egg whites; sprigs of fresh herbs (parsley, coriander, chervil, tarragon or dill) to garnish for serving.

Method: Wash the scallops and dry well. Whizz them in a food processor with the cream to make a very smooth purée. Scrape the mixture into a shallow dish and season generously with salt and pepper. Using a fork, blend in the raw, unwhisked egg whites carefully, a little at a time. Then chill the mixture, uncovered, for a few hours.

Choose a sauté pan or other pan with a large surface area (great depth is unnecessary). Fill it with water, salt it and bring to a bare simmer. The liquid should barely tremble or

the quenelles may disintegrate as they cook.

Using a pair of dessert spoons, scoop and mould the quennelle mixture lightly into plump, meringue-shaped ovals; about two dozen in all. Drop them into the pan in batches, spacing them well apart, and poach gently. They will take five-six minutes and should be flipped over with a perforated spoon at half-time.

Philippa Davenport offers recipes to convert faint hearts to fish

Drain the quenelles on kitchen paper and lay them in a single layer in a shallow buttered dish. Keep warm while cooking the rest. For the sauce, garnish with little bouquets of herbs and serve quickly.

Alternatively, if preparing ahead, let the quenelles cool in the buttered dish. When cold, cover them with a dome of foil and refrigerate until needed, but remember to bring them back to room temperature before reheating.

To reheat, bake (still covered with foil) at 375°F/190°C (gas mark 5) for 15-20 minutes - but no longer or the quenelles

will lose their creamy lightness. Sauce, garnish and serve.

## THAI MANGO SALAD

WITH SALMON (serves 6)

This comes from Sri Owen's *Exotic Feasts* (Kyle Cathie, £16.99), a charming and user-friendly book of east-meets-west cuisine.

Ingredients: For the mango salad: 2 medium-sized mangoes, peeled and cut into julienne strips; ½ teaspoon salt; 1 tablespoon lime or lemon juice; some mixed varieties of lettuce leaves; 12-14 coriander or mint leaves. For the fish: 8 salmon fillets weighing 8-12 oz each; 2 tablespoons peanut or olive oil; 1 onion, sliced finely; 2 garlic cloves, crushed; 1 large red chilli, seeded and chopped finely; 2-inch piece of lemon grass, outer leaves discarded, chopped finely; 2-inch piece of fresh ginger, peeled and chopped finely; 3 kaffir lime leaves, shredded finely (optional); 2 tablespoons fish sauce (nam pla) or light soy sauce; 2 tablespoons white wine vinegar.

Method: But the mango slices in a bowl and sprinkle with salt and lime or lemon juice. Use the mixed lettuce and coriander or mint leaves to line a serving dish.

Heat the oil in a large frying pan and fry all the chopped



and sliced ingredients, stirring all the time, for two minutes. Add the fish sauce (or soy), vinegar and 4 fl. oz. of hot water and simmer for another two minutes. Then add the fish to the pan and let everything simmer for three to four minutes, turning over the fish pieces once. Remove from the heat and leave to cool.

When the fish is cool, arrange the mango strips on top of the salad leaves and lay the fish on top of the mango. Then pour the cooking juices over the salad. Chill, but take the dish out of the fridge about 10 minutes before serving.

## Restaurant view/Nicholas Lander

## Menus for creditors

WHY, IN THE middle of the recession, are so many new restaurants opening their doors?

What do such varied names as Christopher's, Snows on the Green, Les Saveurs, The Red River Café, Pied à Terre and L'Accento have in common? On the surface very little, except that they are all restaurants which have opened recently in London (along with a number of others) in what is considered to be the worst recession for many years.

It is because restaurants defy the laws of economics and survive in spite of monthly drops in consumer confidence and spending? Sadly not. Most restaurateurs, even those in the first flush of enthusiasm, quietly admit that business could be much better.

But when these restaurants were planned business was a lot better. Even the smallest restaurants require a great deal of time to materialise, and in the 1980s raising the finance for a new restaurant was the easiest part of the package. Finding the site, getting provisional approval for the licence, tendering for builders and waiting for them to finish and the Environmental Health Officer to give approval can take 18 months and breach the overdraft limit.

As soon as you approach this limit, opening day becomes even more urgent. Because it is the most immediate answer to a new restaurant's cash problems it is often not the restaurant who decides when to open, but the bank or other investors. This year, the high interest rates of the past 18 months will have forced many to open in the traditionally quiet first quarter rather than wait until spring.

Although these businesses are all restaurants they hide a wide variety of ambitions and financial backers. Snows on the Green is the first restaurant of a husband and wife team; Christopher's is a personal mission undertaken by its proprietor, Christopher Gilmore, and a few friends, to bring good US food to London. L'Accento is the type of good, very reasonably priced Italian trattoria every neighbourhood should have; Les Saveurs, the most lavish expression of French haute cuisine London has seen in a long time - but one that has been entirely funded by a Japanese millionaire. The Red River Café and Pied à Terre have risen on the sites of former, failed restaurants, of which there have been many in the last year.

The restaurants which are opening at the moment are, however, the last expression of the relatively easy borrowing requirements of the late 1980s.

Banks are much less friendly to those eager to open their own restaurant. The consequences will be felt, if not this year, then in 1993.

The two chefs who in 1991 passed their industry's highest exams, and qualified as *Meilleurs Ouvriers de Grand Bretagne*, are not opening their own restaurants but, instead, are cooking in the more financially secure environment of a big hotel. Stephen Doherty is head chef at the Grand Hotel in Amsterdam, due to open in April, and Roger Narbett has just become senior sous-chef at the Dorchester in London. There are two big restaurants currently being planned for

London - the rebirth of Quaglin's, and a new restaurant at the top of Harvey Nichols but they will be the creation of other wealthy individuals or big corporations.

Restaurants used to be a relatively low-cost world to enter, particularly for a husband and wife. Rising rents and rates have increased the break-even point for customers' raised expectations have increased the capital required. Now, falling returns have frightened off potential investors, and for the moment the glamour has gone. Those who enjoy the thrill of a new restaurant should make the most of those which have opened so far this year.

## Weighed in the scales

WITH Lent upon us, the whole question of fish is raised again.

Most people, it would seem, use the religious fast for reasons of vanity, hoping that 40 days of abstinence will shed pounds, or break an ugly habit such as smoking. (The only Roman Catholic I know who is serious about observing Lent is aware that she is not required to fast on Sundays or the one or two religious feast days scattered through the period.)

Since the first week of this year I have ordained a self-imposed regimen in an effort to break the monotony of a single man's diet of chops and steaks. I now eat only fish at home. Thus far, in 25 days of fish diet, I have consumed no fewer than 24 sorts of sea life.

My search for variety has been vindicated, but there are one or two limitations. Certain fish are impractical for the working man.

Squid takes too long to prepare; halibut, sea-bass or lobsters seem too self-indulgently expensive for a man by himself; certain fish, such as turbot, come in too big a chunk. At times one is reduced to the supermarket - fish tawled on the high seas, deep frozen and tasteless.

This is far from ideal, but

placate and cod, of the *pis-allers*, are decent standbys. (I should add, though, that it has been a long time since I was tempted by a farmed trout.)

To a far greater degree than most eating, fish-eating seems to be governed by a strong element of snobbery and fashion. Anxious to learn more about this, I went to see Nicky Herman. As owner of the noted fish restaurants Scotts, Overtons, Sheekys and Drones, Nicky Herman is literally the biggest fish in London.

Nicky called John Bertram, his executive chef, to join us. Together, they buy all the fish for the group of restaurants. I asked both men why the British were so pathetic about eating fish, compared to their Continental cousins.

"English people don't like fish bones. They always ask you: 'Has it got bones in it?' Or they ask for their fish to be taken off the bone." In Scotts - a somewhat plutocratic establishment - Nicky doubted if 10 per cent of customers were prepared to eat a fish with small bones.

"Easy bones" form part of the attraction of halibut, sea-

bass and turbot - trendy fish, with snob appeal. Americans, apparently, are not prepared to eat fish with the heads left on after cooking; the idea of being watched by the creature they are consuming is too intimidating.

This reminded me that I had cooked a John Dory only a few days before, and that I had

Giles McDonogh casts a line to catch some fishy British prejudices

been much amused by the doubtful way in which the fish had seemed to watch me as I wolfed the flesh from its back. When I had finished my meal, only the inglorious eyes remained in place.

There is considerable snobbery directed against the cheaper range of fish - those monsters of the deep which French housewives seem to be able to transform into delicious meals at a moment's notice. Coley was regarded as fish for

the cat - and whiting not much better.

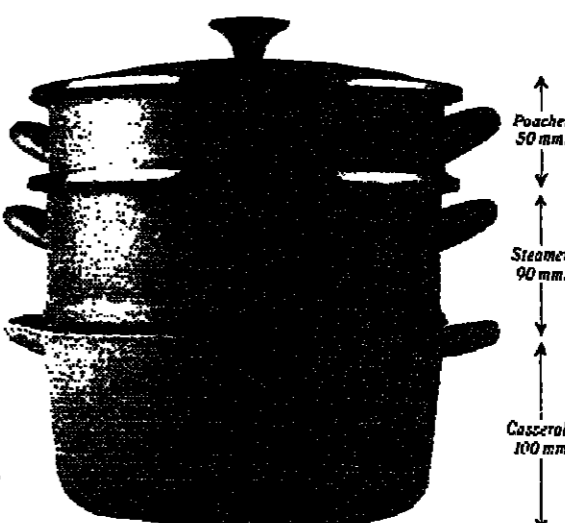
Hake, which went through a period of trendiness in Paris a decade ago, was also viewed with apparent contempt. The only fish which had gone, as it were, up-market, seemed to be cod. Only a generation ago cod was perceived as a "below stairs" fish.

The British are still extraordinarily conservative about fish. Scotts had tried out very many French classic fish dishes without success: the sea-food platter did not sell; no one had ordered haddock; the omelette Arnold Bennett had been about as easy to sell as a plate of fresh herrings - that is to say, impossible.

Nicky and John took me next door to the kitchens, where a selection of that morning's purchases had been laid out.

Here were little red gurnards and big red sea-bream ("the Rolls Royce of fishes", according to Nicky). Here lay the hideous monkfish - looking at it, you can see why the Germans call it "the devil's fish". Here were sea-bream, hake and whiting; lemon and Dover

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## MOTORING AND SPORT

Motoring/Stuart Marshall

## Smart, sporty and it's an estate

**S**MART and luxurious estates have become an attractive alternative to executive saloons. Now comes smarter than the BMW 5-Series Touring, which arrives in Britain next week.

BMW still cannot quite bring itself to call the Touring an estate car lest it detract from the marque's sporting image, but that is exactly what it is.

The tailgate lifts to reveal a carpeted space that takes a couple of golf bags and trolleys with the rear seat in use, and something as awkward as a large rotary mower with the seat down.

As the sill is wide, low and - unlike the 3-Series Touring - unobstructed by rear light clusters, lugging such things on board is not difficult. Four retractable tying-down points come in handy when carrying things likely to move around on their own.

It is not even necessary to raise the tailgate to get at the load space. If you

only want to drop in, say, some shopping, the rear window hinges up on its own. Naturally, a sliding blind conceals from thieves what is put in the load compartment. Removing the complete blind and roller, or lowering the rear seat backs complete with headrests, is a one-handed job using touch buttons.

In every way it is an urbane and civilised car. Unless you turn round and take a look, you would not realise it was an estate, not a saloon. It feels rock-solid on rough roads. Regardless of engine speed, there is no body boom.

At present, two engines are offered: 2.0-litre or 2.5-litre, 24-valve straight sixes with power outputs of 150 and 192 horsepower respectively. These engines, introduced for BMW saloons 18 months ago, should return at least 28 mpg (10.1 l/100km) in normal use and give a gentle driver more than 30 mpg (9.4 l/100km) on a journey.

They are said to cut servicing costs by

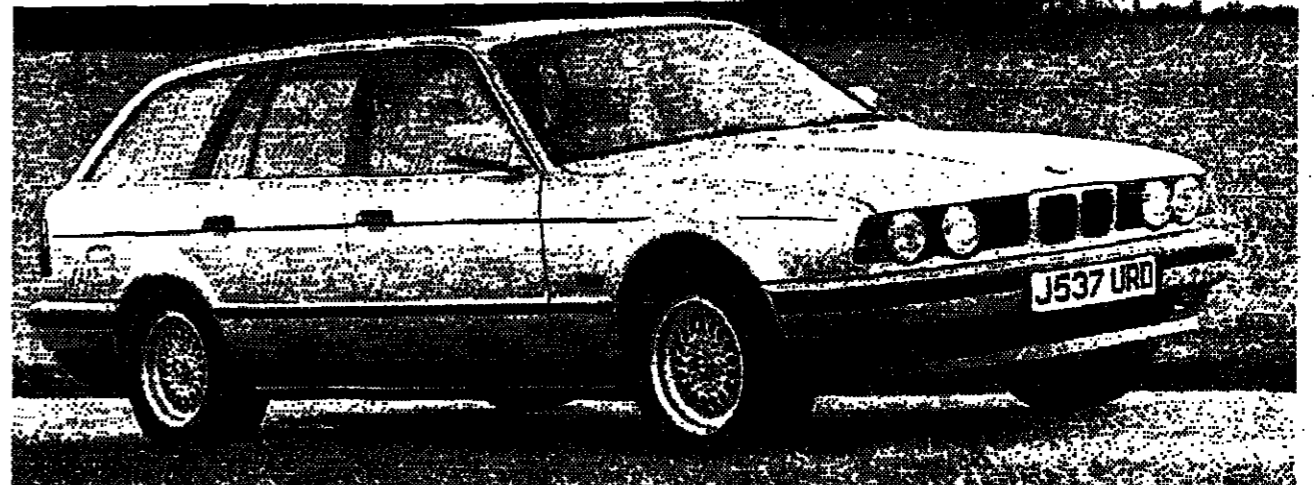
nearly a quarter compared with the old 12-valve units. Within a year, there will be 2.5-litre turbo-diesel option.

A five-speed manual gearbox is standard with automatic transmission (also five-speed) a desirable (if costly) £1,150 optional extra. BMW claims the two-pedal cars have much the same consumption as those with manual gears.

The 520i Touring I am now driving is everything you would expect a BMW to be. The engine pulls silkily in high gear at low revolutions, and hums sweetly at 5,000 rpm-plus in the gears.

As the Touring is significantly heavier than the saloon, standing-start acceleration is adequate rather than kick-in-the-back. The 2.5-litre version is, of course, more urgent. But providing you are willing to drop down into fourth or third when necessary, the 2.0-litre car is a vigorous and refined performer on a cross-country journey.

Every 5-Series Touring comes with ABS



The 5-Series Touring is BMW's first proper estate car combining saloon refinement with load capacity

brakes, power steering, central locking (with deadlocks on all doors), electric windows and door mirrors, and a two-section powered sun roof.

Buyers of the priciest 520i and 525i SE (the special equipment models) can delete the sun roof and, for only £350 extra, have air-conditioning instead. This sensible option is not available on the cheaper ones. I think it should be.

BMW GB reckons it will sell about 2,600 of the 5-Series Touring estates this year at prices ranging from £20,950 for a manual

520i to £26,100 for a 525i SE automatic. Four-wheel drive versions - the first BMW has made with right-hand steering - join the range in June.

They will have 2.5-litre engines and prices are expected to be in the £28,000 to £30,300 brackets.

What will the 5-Series Tourings be up against? Not just the market-leading Vols and the Audi 100, Citroën XM and Mercedes 200-300 estates you might expect but also large hatchbacks (Citroën Saxo, Rover 300 Vitesse and the new Renault

aut Safrane, for example). It will compete on price rather than sheer carrying capacity; as a bulk carrier a 5-Series Touring is no match for the really big estates.

BMW GB also sees the Touring seducing some owners out of their Range Rover, Shogun, Land Cruiser and Trooper recreational four-wheel drives. With its up-market looks, a BMW 5-Series Touring has Smith's Lawn and Sedminion written all over it. And, with all-wheel drive, it would not tow out of a muddy car park, either.

Tennis/John Barrett

## Butch courts Miami and wins again

**E**VERYBODY loves a winner - which is why Butch Buchholz, Tournament Chairman of the \$2.8m (£1.6m) Lipton International Players Championships at Key Biscayne, is the toast of South Florida. He has a success on his hands that has benefited the entire greater Miami area and he is understandably proud of it.

It seems a lifetime ago that I sat on the Centre Court at Wimbledon on a sweltering afternoon in 1980 watching Butch as he writhed in agony with an ankle injury that forced him to retire to Neale Fraser, the eventual champion, after holding eight match points in their gruelling quarter-final match.

Butch recovered from that setback and turned professional the next year. When his playing days were over, he set about learning the business of tournament promotion before spending four years as the Executive Director of the Association of Tennis Professionals.

Today the jet black hair is

streaked with grey, the 51-year-old figure is a little fuller, but there is the same determination in the firmly gripped tennis racket. It is a quality that Butch has needed these past seven years. In February 1985 his brave venture to stage a two-week tournament in partnership with the ATP and the Women's International Tennis Association (WITA) began at the elegant but unfinished Laver Racket Club in Delray Beach.

The first Lipton, beset with financial problems and cursed with cold winds and rain, nevertheless attracted nearly 123,000 spectators as Tim Mayotte and Martina Navratilova became its champions.

The following year the tourna-

ment moved along the coast to Boca West and 193,000 attended the matches to see local heroine Chris Evert beat a young Steffi Graf and the bridge towards the ocean and semi-tropical vegetation I knew it was right. It had the special ambience that made it different. But when we arrived at the proposed site I could understand their reservations. It was a huge rubbish dump, old cars and refrigerators among the garbage, and we had to hold our noses as we looked it over.

"That was a nightmare period," remembers Buchholz. I had to find a new site in no time flat and I went to Miami to talk to the officials at Dade County. They showed me three or four sites, none of which seemed right, and in exasperation said: 'Well, there's just one more - though you won't like it'.

"They drove me over the Rickenbacker Causeway towards Key Biscayne and as we swooped down off the bridge towards the ocean and semi-tropical vegetation I knew it was right. It had the special ambience that made it different. But when we arrived at the proposed site I could understand their reservations. It was a huge rubbish dump, old cars and refrigerators among the garbage, and we had to hold our noses as we looked it over."

The aroma that assails you today as you stroll through the avenue of maturing royal palms and orchid trees, bordered by flower beds bursting with gorgeous blooms of impatiens, bougainvillea and

hibiscus, is different. Wherever you turn in this tastefully tended site that caters to every gastronomic whim and purchasing impulse, there is the smell of success.

Not that the move to Miami and the full commitment of Dade County to further development ended the problems. Far from it, as Buchholz remembers. "In 1988 the ATP announced their breakaway from the Pro Council and, despite our long-term contract, they said I would have to reduce the tournament to 10 days and bid for the time slot like everyone else. That made Lipton nervous. They had invested in a two week event and told me that our 31-year agreement was at risk if we made the change."

The problems were solved and the tournament is now a 10-day event. It is a family business run by a strong team in which Butch's brother Cliff is the tournament director. His 22-year-old son Trey is the operations manager with an annual budget of \$2m. The event has become a fixture in the tennis calendar and a popular venue for aficionados from all over the world.

"Amazingly, 46 per cent of our spectators come from outside the three counties of Dade, Palm Beach and Broward. Many come up from South America, combining their holiday and shopping expedition with a visit to the tournament."

Some 25 sponsors invest between \$80,000 and \$3m each year towards

the \$10m that it costs to stage the event. All of them are excited about the latest expansion plans which include a state-of-the-art stadium, seating 14,000 and costing \$20.5m, which will be completed for next year's event, having overcome the inevitable local objections.

"It is being financed by Dade County," said Buchholz. "We will pay a minimum sum of \$300,000 a year for the use of the stadium, which will be completed for next year's event, having overcome the inevitable local objections."

"The really exciting thing is that in the first two days of opening the sales office we had sold over \$1m of box seats."

The USA has designated the site a Player Development Centre. Buchholz has added eight clay courts and will soon start to prepare the three grass courts that will sit comfortably alongside the 17 hard courts that the tournament needs. Like the people of Miami, the USA knows it is backing a winner.

Rugby Union

## Scenes from a season

**C**AMEOS from the Five Nations championship of the 1991/92 season, which ends this afternoon:

Dublin, January 18. Wales surprisingly defeat Ireland, the World Cup quarter-finalists. The one-point margin - 16-15 - is flatteringly to the Irish. Welshmen are overjoyed and some former internationals, men who ought to know better, are heard to remark: "the Grand Slam next."

The foyer of the Berkeley Court hotel five minutes' walk from Lansdowne Road is crowded after the match. A Dublin student attending her first rugby international is anxious to obtain the autograph of Ieuan Evans, the Welsh captain. "How do you pronounce his christian name?" she asks. "The first syllable is 'yi' as in 'yips'," she is told. "Then you add the sound 'an' as in 'and'."

Ten minutes later she returns, her cheeks flushed with pleasure. "I met Ieuan!" she says, pronouncing the name almost perfectly. "What a charmer. A complete gentleman."

The Irish players come down from their rooms and mingle graciously with their own supporters and the few Welshmen who have gained entry to the hotel of the Irish team. The Welsh are magnanimous in victory but the Irish, in case anyone is in any doubt, are magnificent in defeat.

After the post-match dinner Alan Davies, the coach of the Welsh team, is wandering happily around the foyer of the hotel savouring his first triumph in the championship. A reporter congratulates him on victory and remarks that he was lucky Tony Copsey, one of Wales's second-row forwards, had not been sent off. Copsey was twice warned by the referee. Davies smiles enigmatically and walks off.

Cardiff, February 1. The first home game in the championship for Wales is marked by an outpouring of Welsh clichés. The Cwmbach male voice choir brings some *hugy!* to the pre-match singing and song sheets are distributed throughout the stadium. Players and officials from both teams are presented to the Princess of Wales. Beverley Humphreys, an opera singer, leads the singing of the national anthem.

This chauvinism is part of a campaign by the Welsh Rugby Union to promote Welsh rugby. Other aspects of the campaign include naming the Welsh team the Dragons and redesigning the national shirt.

**John Hopkins looks back on the Five Nations Championship**

One change brought about by Davies is consistency in selection. This Welsh team is unchanged from the one that defeated Ireland. Wales show some fire and verve in the second half but are 12-0 down at that point. Three penalties by Davies in the second half are reminiscent of their revival from 6-15 behind in Dublin two weeks earlier. France win though, 12-9.

Dublin, February 15. Ireland, defeated by Wales and crushed by England, are facing Scotland and 3-9 behind at half-time. Their stand-off, Ralph Keyes, is booed by his own supporters for bad kicking. Long before the final whistle spectators are leaving their seats. Mick Doyle, the former coach who writes an acerbic column in the *Irish Independent*, was scathing after defeat by Wales. "Wales may be on

their knees" he wrote "but we are on our arses." After this latest defeat, 18-10, he is apologetic. Dublin is awash with Scots in kilts celebrating victory. They seem impervious to the below-freezing temperature.

Twickenham, March 8. A dampness in the air does little to dampen the occasion and drinks, jokes and laughter mixing in the west car park before the game. England are strong favourites to beat Wales and win a second grand slam in a row, the first time this has been done since the 1930s.

As Will Carling makes yet another magnificent burst past Neil Jenkins he reminds us that as an attacking full back he would be dynamite. The trouble is he is dynamite as a centre.

England's performance is their worst of the season but for Wales there is a word of praise from one of the gods. "There is light back in this side" observes Gareth Edwards, the great scrum half.

"There is backbone that was not there six months ago," says Cardiff, March 21. Davies's period of office expires after the game between Wales and Scotland this afternoon. He wants to remain as coach until after the World Cup in 1993 and cool heads support him. For heads want more success, however. Davies, they point out, has been one of the country's least successful coaches, having lost five and won two matches since he took over late last summer.

They are forgetting how bad Wales once were and how far the WRU have to go to reach the level of competence of the RFU. Who will win in the struggle in Welsh rugby, the Roundheads or Cavaliers, the cool heads or hot heads? We must wait until April 2 when the general committee of the WRU meets to find out.

**T**HE ONLY certainty for a soccer manager, it is often said, is that he will be fired sooner or later. In Spain, it is nearly always sooner. Last Saturday's immensely entertaining match between Barcelona and Atlético Madrid, second and third in the Spanish championship, gave some idea why.

Both teams are closing in on Real Madrid who have frittered away an eight point lead they built up early in the season under Raddy Antic. Antic was appointed manager last April when the club lay a humiliating eighth in the league. Even leading them to the top of the table brought Antic no job security. After two consecutive league defeats he was fired, on the grounds that his team was not providing the "spectacle" Real fans required.

The pressure to succeed takes its toll even on those who keep their jobs. The coaching career of Luis Aragones has been beset by psychological problems. He once locked himself in a hotel room for three days and in his brief reign at Barcelona he took to his bed for two days.

Even so, last summer he accepted a job offer from Atlético's Jesus Gil y Gil, the most itchy-fingered of Spain's trigger-happy club presidents, a man who had fired managers 11 times in his four years in charge of the club. Before the season started the club flew in a psychiatrist from Texas who said Aragones was suffering from "phobic anxiety".

By comparison Johan Cruyff, who succeeded Aragones at Barcelona, nearly four years ago enjoys such job security that the club has been nicknamed "Cruyff FC". But the stress and a 40-cigarette-a-day habit took their toll. Last year Cruyff collapsed as his team marched to the title and he had to have a coronary bypass.

The strange thing about Saturday evening's match was that neither team played as if managed by men who knew one bad result could cost them their jobs. They looked like the teams of coaches who trusted their players' ability and intel-

ligence. This is not a mistake English managers make. They know that players get you the same.

English managers have reacted to the increased pressure by trying to take control of every aspect of the game. The more systematic English managers dictate everything from the way their club's pitch is mown to how their players drink their half-time tea. They leave nothing to chance and nothing to players' initiative. The new breed drill their players so that every kick is part of a strict plan.

Barcelona, by contrast, looked like a team whose only pre-game instruction had been to "go out and play".

The Spanish sporting newspapers had been filled with discussions of the teams' likely tactics, complete with colour diagrams, accurately predicting Atlético's counter-attacking approach. The sort of coverage English fans rarely see, the Barcelona players appeared not to have read a word.

Eleven headless chickens would have reacted to Atlético's relentless pressure with more intelligence. Cruyff could only lament afterwards that his players had not listened to a word he had said. Perhaps their minds were on Wednesday's European Cup match against Dynamo Kiev which they won 3-0, they certainly were not on the game.

Barcelona fell repeatedly into Atlético's swift ambushes: three or four players converging simultaneously on the ball-carrier. Barcelona failed to adjust to the pressure. Their passing collapsed and their ball control evaporated. Barcelona were, in the English parlance, playing too much football and even as it failed it was enjoyable to watch.

For anyone used to the highly-drilled defence of the English Football League the marking of both teams was lachrymose. Throughout, Toni and Aguilera of Atlético were allowed time and space on the wings to put in dangerous crosses.

Schuster, a Barcelona old boy, dominated the game. He created Atlético's first goal with a chip through to Manolo. The week before, Zubizarreta, the Barcelona goalkeeper, had made the mistake which gave Real a precious draw. This time he hesitated and was lost and for the rest of the game was subject to merciless taunts from the home fans.

Manolo added a second ten minutes later and Atlético, with Schuster pulling the strings, threatened to run away with the game.

Where the Barcelona players never had a pass available, Schuster always seemed to have players open. Where the visitors dwelt on the ball,

Soccer/Peter Berlin

## The Spanish spectacular



Bernd Schuster tormented Barcelona, his former team

Schuster clipped accurate passes with his first touch. When the route to an unmarked player was blocked, Schuster would make the simple pass that was available, adjust his position and make the telling pass when he got the ball back.

Schuster lacks the athleticism of Lothar Matthäus who currently controls the midfield for the German national team. But where Matthäus often seems loathe to appear eye-

catching or spectacular, Schuster has the manner of the classic midfielder general. The ego which has soured his relations with successive German managers is the characteristic which makes him such a dominating figure on the field.

Schuster's self-confidence betrayed at the key moment. He passed under pressure unerringly over 30m and 40m, yet unmarked on the penalty spot after 54 minutes he ballooned the ball over the bar.

The miss cost Atlético a win.

With less than 20 minutes left Barcelona managed their first serious shot on goal. Nadal, whose clumsy play suggested the Spaniards do have a soft spot for donkeys, enjoyed a moment of grace, turning and cracking a shot past Abel, the Atlético keeper.

Defending a 2-1 lead most English coaches would have ordered their teams to defend. But, Atlético kept surging forward, often leaving only three defenders to mark the most dangerous attacking trio in Spain.

Stoichkov, the best of that trio, got himself sent off for kicking an opponent. It was a rare moment of malice in a game largely free of the routine kicking and tripping which mark English soccer. But Atlético managed to top that with their own moment of idiocy.

Abel showedly tried to control a back pass with his thigh rather than catch it with his hands. His knee got in the way and Bakero swooped to score, earning Barcelona an ill-deserved draw which pulled them level with Real, 1-0 losers at Logroñes, and bringing a balmy evening to a barmy close.

The large crowd in Atlético's Vicente Fox stadium had certainly been treated to a spectacle and they had enjoyed it hugely. Indeed, they had fully played their part in it. Even though the Vicente Calderón is the second stadium in Madrid behind Real's Bernabéu, it still dwarfs every ground in the English football league. Along one side the enormous members' stand straddles a motorway. The other three sides are enclosed by a sweeping double-decker cantilevered structure. The capacity is 62,000, all seated.

Sadly, like so many English grounds, it is a concrete jungle. Seats are missing from the concrete bench seats on the upper deck - a worrying sign since Gil, a property developer, was sent to jail when a restaurant he built collapsed killing 59 in 1989. Lights are missing on the stairs and the catering facilities consist of a few shabby refrigerators containing cans of Coca-Cola - at 20p (21.10) each - and beer which ran out at half time. No wonder the streets outside are filled with vendors selling food jostling for space alongside others selling badges and favours - many of them Nazi and fascist emblems. In spite of this the wannabe bootlegs with their skinhead hairstyles, English signs and Leeds United flat caps were preferred posturing to fighting. In the stands, the fans of the two teams mingled without any tension.

Even though their team had thrown away a glorious victory the Atlético fans were buoyant after the game. They crammed the Metro cheerfully singing songs to their favourite side and, without apparent irony, chants about Zubizarreta's shortcomings jumping up and down so the ancient carriages swayed alarmingly in rhythm. The folk heading into town on an evening out, looked on amused. In Spain everything to do with soccer is a spectacle.

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## GARDENING/PERSPECTIVES

## So sweet — but often dowdy

Arthur Hellyer considers *Daphne*, a plant of variable character

## Plant of the Week:

*Helleborus orientalis*

This is the hardy herbaceous plant which gardeners call Lenten Rose, though it has no connection with true roses. In its numerous varieties it can be in flower from January until May. In fact, Lenten Roses are hybrids between several species of hellebores, which have handsome, evergreen, broadly fingered leaves and cup-shaped flowers, in colour varying from white and cream to deep maroon, often delicately speckled or veined within. However, they have a tendency to hang down so that one must tip the flowers up to appreciate the delicacy of their markings. Lenten Roses make dense clumps of rather tough roots, are best left undisturbed for years, and usually spread by self-sown seedlings, which are likely to vary in colour. They enjoy shady places but will grow right out in the open and are totally unfussy about soil.

**D**APHNE brings images of fragrances and unreliability, yet neither is true entirely of the dozen or so species found commonly in gardens. In fact, it is extraordinary how much these vary in character: some evergreen, others deciduous, some scented very sweetly and a few not at all, or only very slightly. And although most are beautiful, there are one or two that are distinctly dowdy.

Two daphnes grow wild in Britain. One of them, *D. mezereum*, is a favourite in gardens, especially with cottagers who seem to have the knack of growing it well. It is fairly rare in the wild but the other native, *D. laureola*, the spurge laurel, is common enough in woods on alkaline soils.

Although not exciting, *D. laureola* is worth a place in the wild garden for its ability to thrive in dry shade and the limeliest soils. It is a leafy evergreen that grows from 2ft to 4ft high with curling clusters of small, greenish-yellow flowers which sometimes are honey-scented and always appear very early in the year — from February to April. You can scarcely go wrong with this daphne.

You could say much the same of *D.*

*mezereum*, which does grow freely in some gardens and even spreads by seedlings which are self-sown from the handsome, scarlet berries (which are very poisonous and usually produced freely).

The habit of the bush is distinctive with stiffly-upright stems, lance-shaped deciduous leaves, and small purple flowers clustered close to the stems. They are very fragrant, as are those of its beautiful, pure-white variety.

*D. mezereum* is a rare, protected plant that is found wild on limey or chalky soils, usually in woods, although generally it is grown in the open in gardens. The difficulty with this fine plant is that it is apt to die suddenly and without obvious cause. Cottage gardeners seem to succeed with it, perhaps because they often let it choose its own place to grow and then leave it alone.

Probably the best daphne with which to make a start — because it is beautiful, likely to succeed and lives for a reasonable time — is a hybrid named *D. burkwoodii* Somerset. It makes a very freely-branched bush, 3ft to 4ft high and generally a little more through, with narrow, light-green leaves and abundant,



Lilac-like pink flowers that are very fragrant.

It is a semi-evergreen which likes sunny places and most reasonably well-drained soils, with a preference for those containing lime. It flowers in May and sometimes there is a second, smaller display early in autumn.

*Daphne cneorum*, known as the Farland Flower, was one of the parents of *D. burkwoodii* and could be considered the most beautiful of all daphnes. There is a pure-white variety but the natural rose-pink type is the favourite. It makes an evergreen, wide-spreading bush which, while only about a foot high,

can reach several feet across.

The small and sweetly-scented flowers are produced with immense freedom in May. *D. cneorum* certainly likes limey soil but it grows freely in the Royal Horticultural Society's garden at Wisley, Surrey, where the soil is sandy and rather acid. What it does require is moisture at all times of the year and failures, which are fairly frequent, may be due very largely to drought.

Then there is *Daphne blagayana* which has much larger, evergreen leaves. In spring, there are clusters of very sweetly-scented, creamy-white flowers at the ends of the long sprawling stems that make it very suitable for rock gardens.

*Daphne petraea* is a true rock plant: a tiny, tufted evergreen rarely more than 3in high which grows wild on inaccessible cliffs in the limestone alps of the southern Tyrol. For the garden, there is a variety named *Grandiflora* which has flowers of superior size. They are rosy-pink, sweetly-scented and gems which individually are like those of *D. cneorum* although the plant is, of course, very much smaller.

Indeed, its size means it needs to be protected from slugs and other foes.

Thus, rock plant enthusiasts usually grow it in pots or pans containing gritty, sharply-drained soil (including limestone chippings) in an unheated greenhouse or frame. This is not an easy plant to buy but it can be obtained from Potterton and Martin, the Cottage Nursery, Nettleton, Caistor, Lincolnshire.

Perhaps the best smelling daphne of all is *D. odora*, but it is not as free-flowering as some of the others and it is not completely hardy in all parts of Britain, although it will survive a few degrees of frost. The lance-shaped leaves are evergreen, quite large, and a fine, glossy hue. There is a variety named *Aurea-Marginata*, with an attractive golden margin to each leaf, which is actually a little harder than the plain green type.

*D. odora* produces quite large clusters of flowers in two shades of reddish-purple from December well into the spring (which is much too early for safety in most British gardens). It is a very ideal selection for a conservatory, but for years I grew the variegated variety successfully in my Sussex garden against the south-facing wall of the house.

## Gambler who beat Trump at casinos

Steve Wynn staked it all on kitsch, writes David Spanier, and won

**O**UT OF the desert, the Mirage arose. One night, there was a vast empty lot. Next day, on this shimmering crossroads marked by a thousand points of glitz, appeared the most dazzling structure the Las Vegas Strip had ever seen. "It's what God would have done," Steve Wynn liked to quip, adding irreverently, "if He'd had the money."

Wynn had another one-liner which went down well with business audiences. "What do you do when you owe the bank \$500m and, on the first day of the month, you can't meet the interest charges?" Pause. "Absolutely nothing."

In reality, Wynn's dream of a casino took three years to build. But it went up so fast, it did seem like a miracle. He is a showman first and a businessman second, albeit an operator who staked more than anyone had ever risked before in building a casino-hotel.

The Donald, as his wife, Ivana, liked to call him, was left to build his own dream of a casino in Atlantic City, New Jersey. It was called the Taj

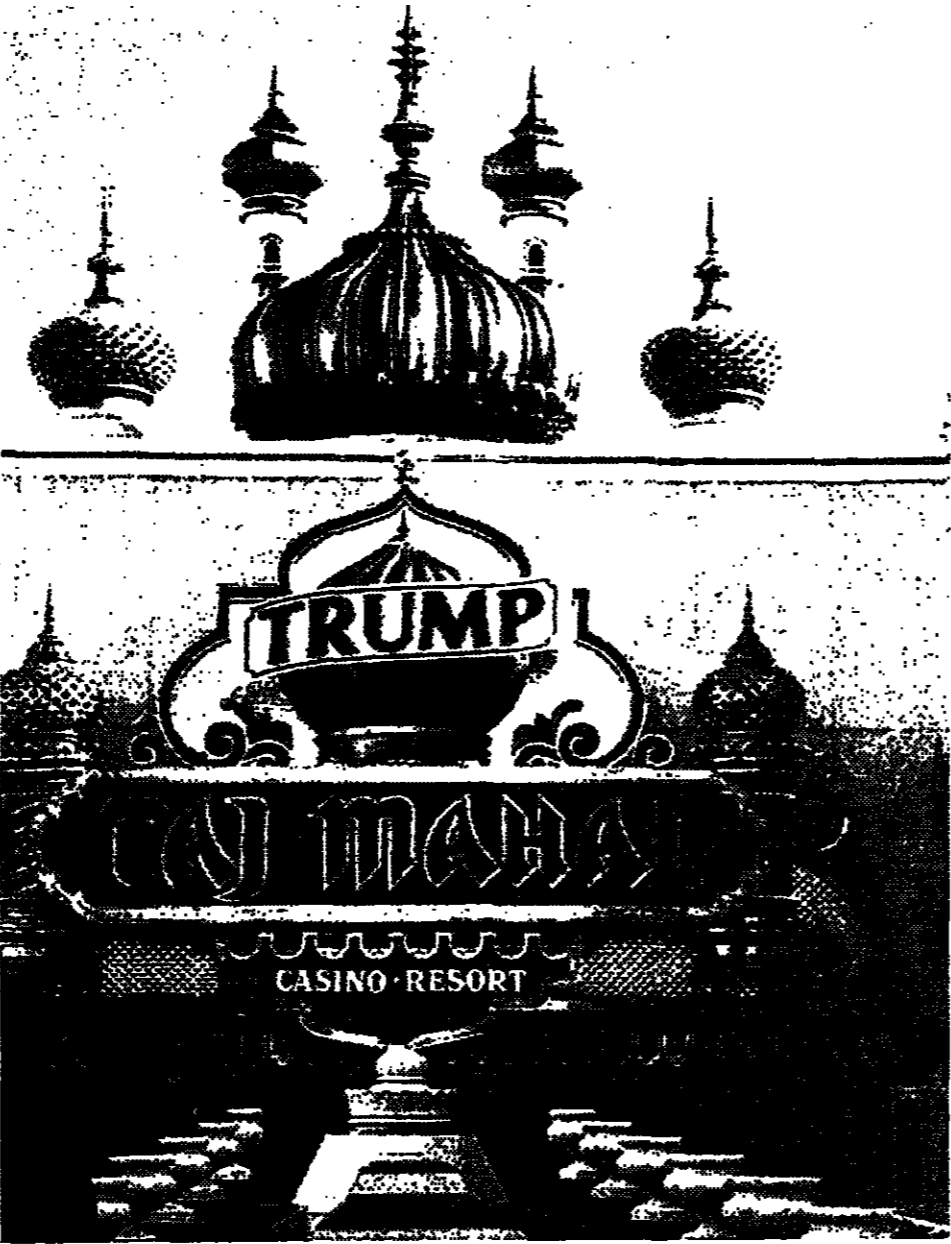
Mahal and was billed, with characteristic hype, as the "eighth wonder of the world."

The contrast between these two places, the Mirage and the Taj Mahal, is the story of casino gambling in the 1990s: in effect, a long-range duel across the tables between the two main personalities in the gaming industry, Wynn out west and Trump out east. Rivalry is not, perhaps, the right word — although one man has emerged as leader of the gaming industry and the other's main casino is in chapter 11 bankruptcy — because Wynn himself has never seen their competition in personal terms.

The two men share a flamboyance of character but their approach to casino gambling, which has set the style in their opposing resorts, has been radically different. Wynn is glossy, lively, funny, mercurial, fast-talking, hand-driving, a man who has lived gambling since his boyhood.

"Since the day I took my first breath, I have been a kid who has never had a meal, a dollar for tuition or a piece of clothing on my back that didn't come from gambling," he claims. On his first visit to Vegas, as a 10-year-old, he was dazzled by its glamour. Unfortunately, his father had a weakness for the dice and went broke. It was a useful lesson.

"If you wanna make money in a casino," Wynn says, in a



Eighth wonder or decorated crate? Donald Trump's Taj Mahal casino in Atlantic City

classic formulation, "own one."

The Mirage is his answer. "We dare not stand still," he says. "It's exhilarating, like driving a racing car at high speed. But another bend is always coming up to meet you."

Trump, by contrast, lacked that intuitive feel for casinos that comes from a lifetime in gambling. His whole experience was in real estate, which is certainly a big risk but of a completely different kind. What attracted him to gaming was the (apparently) amazing cash flow of casinos.

When Trump, nosing around Atlantic City late in the '80s, finally acquired his first property, Trump Plaza, and then a second one, Trump Castle — putting Ivana in charge — it looked like a prospect. And, indeed, it might have turned out well enough — given the drabness of the place and New Jersey's constraints on gaming — if Trump had not fallen for another project, an extravaganza to outdo all other casinos.

The Taj Mahal, which was supposed to demonstrate the art of the deal, was an unknown quantity. Its costs were already oversold; by the time it was completed, it had cost the best part of \$1,000m. But if Steve could do it in Vegas, spending all that money, then Donald was determined he could show them in Atlantic City. A banner went up at the entrance to town for the grand opening of the Taj in April 1990: "More than a Mirage."

The Taj Mahal is big, certainly. Its 90 minarets shine out over the ocean like coloured onion domes. The casino, bright with Indian motifs and decoration, covers 120,000 sq ft. Its serviced ranks

of slot machines, like a painted metal army rooted to the drill square, stretch out on all sides under Viennese chandeliers. It drew the crowds — Trump's affair with film starlet Maria Magdalene had made him a media celebrity — but the operation was ramshackle.

The times, too, were changing. Within three months of its glorified opening, Trump was locked in a struggle with the banks to meet his various interest payments. In its first full year of operation, the Taj reported losses of \$120m.

Atlantic City suffers compared with Las Vegas because it is not a destination resort. People go to Vegas for vacations and trade conventions: the gambling has become only a part — albeit by far the most lucrative part — of a shiny package which includes shows, boxing, sports, high action and fast women, at cut prices. It is hard to see why anyone should want to go to Atlantic City, especially in winter.

What now? Atlantic City might pull through, at a reduced level. There are too many casinos chasing too few customers. The Taj, with one of Wynn's former managers in charge, is doing better. It earned \$30m this January — no mean feat — but still below par. As anyone can see who visits the place, it is essentially a decorated shed, blown up to mammoth size. Its only message is: big is beautiful.

The Mirage, too, will find competition tougher in the recession but the joint is still jumping night after night. Aware of the need to fight for family appeal, Wynn is now planning to build a new casino, Treasure Island, on 17 acres of the present Mirage parking site, at a start-up cost of \$200m. Launching the project, Wynn appeared in a pirate's hat. Only in Las Vegas, one feels.

David Spanier's new book *All Right, Okay, You Win — Inside Las Vegas*, will be published by Secker & Warburg on Monday, March 23, price £16.99.

As they say in Europe/James Morgan

## Milton Keynes for thrills

**I**T HAS been one of those weeks when one feels nothing has happened in western Europe and when the most interesting article was about the English new town, Milton Keynes, on its 25th anniversary, in the *Neue Zürcher Zeitung*. More of that later.

But the great debates continue and the most instructive is that started by the "D-Mark nationalists" in Germany. The question is why only now, well after the Bonn government signed the Maastricht treaty binding it to European Monetary Union, are the Germans having serious doubts about the project? Last year Britain was given by EMU, today the topic plays no role in the election campaign, and it is the Germans who are split.

It is the fault of the German press that the debate never got off the ground before the decisive steps were taken. The left-wing papers had little interest in the symbols of German nationalism — and the DM is the symbol par excellence, while the papers of the right were anxious to support the government at any cost. This created strains.

At *Handelsblatt*, the leading German business daily, editorial policy was steered from Brussels. Continental correspondents at the European Commission all go native on arrival. But the paper's international editor, Dr Klaus Engel, had different ideas. To call Engel outspoken would be to do him an injustice, but he failed to get his employers to change their minds. So he has gone into print at home and

abroad stating his views: "I cannot believe that by 1997 or 1999 the Germans will give up their Deutschemark and allow the Bundesbank — a cornerstone and an essential feature of their very successful economic, social and political system — to be dissolved in a new European supranational institution, the European Central Bank" is the sentence which turns up everywhere.

But what if he is wrong and it is all too late? The editor-in-chief of the *Süddeutsche Zeitung*, Dieter Schröder argued that Germany's leaders had not calculated that "the groundswell of the new German nationalism could only be strengthened when the fear was nourished that the highest good of the nation, the Mark, was going to be sacrificed on the altar of Europe."

But, said Schröder, the new public display of German nationalism had to be conducted in a manner that would not frighten the foreigners. They assumed that the Maastricht Treaty could not be wrecked by the Germans — "That would be a national and historic tragedy which would isolate Germany for a long period and do considerable damage to the process of European unity." The conclusion was a bit lame — "we must not burden the debate with unrealistic demands and European 'Don Quixoteries'." For once it seems the British government got things right: European Monetary Union is far too difficult a subject to be settled now. It is a pity that Mr Major and his colleagues may not have much opportunity to

savour this curious victory.

One hope that the government has of retaining power in this election is to be found in Milton Keynes. It is the one constituency that has, amenable, split into two for this election, thereby delivering another Tory to the House of Commons. That is probably the most interesting thing that has happened in the 25 year history of the town so it is appropriate that it should figure in the paper that strives to avoid the title of Europe's most interesting daily, the *Neue Zürcher Zeitung*.

"Milton Keynes — the English Utopia?" was the headline for Charles Ritterband's piece. He was particularly impressed by the railway station. "The Keynesians are as proud of it as are the Guller family when they come into money in Dürrenmatt's play 'The Visit', proud that all express trains stop there between London and the great cities of the north."

Ritterband has done more research on "MK" than anybody in England: "The legend runs that Milton Keynes is named after the writer John Milton as well as the economist John Maynard Keynes. Legions of speechmakers have extolled Milton's democratic spirit and the pathbreaking research of Keynes as the inspiration behind the town... But it is all nonsense." In fact, it emerges, Milton Keynes got its name from the original village. But where that village got its name, nobody knows.

James Morgan is economics correspondent of the BBC World Service.

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## PROPERTY

# Old King Cole lived here...

David Hoppitt examines Essex, a county of wide contrasts behind its Flash Harry facade



Essex man's dream? Gills Farm: surrounded by rolling countryside full of deer - and yours for £850,000

A BLANK expression greeted our request for singles to Gaudelous at London's Liverpool Street station ticket office. "Say again, guv," said the chirpy Cockney behind the glass.

The Cockney accent is alive and well, living largely in Essex: but the dialect and sense of humour seems to be wanting. Years ago, a ticket-seller would have known instantly that we wanted to travel to Saffron Walden. Why Gaudelous? It derives from the ancient market town's Latin motto "Deo adjuvante flore-mus" (which translates as "God help us to flourish" or, to be more precise, "With God's help we flourish").

Saffron Walden is a place of streets and alleys (called "twitche-ells") bordered by handsome jettied houses. Along with other Essex country towns, plus the countless quaint and timeless villages, it is very different from most outsiders' perception of the county.

Many who have the misfortune to live south of the Thames look upon Essex as flat and uninteresting. Few have visited it and fewer still have walked, ridden or cycled over its rolling hills and valleys. True, Essex is short on mountains and coal mines and the front and back doors (Leyton and Purfleet) do not appear on many chocolate boxes; but, once over the threshold, there is Epping Forest, the 5,500-acre picnic spot for Londoners.

Essex is a county of contrasts; deer cars and other junk in fields near Romford are testament to its proximity to the London sprawl. Further out among the villages, though, are some of the finest timber houses in the land, many exhibiting the best of the paragon's art (decorative plasterwork done originally with a concoction that included cow dung, stable urine,

grit and horse hair, all mixed or trodden by a village maiden!). In the great Essex earthquake just over a century ago, it was these timber structures that withstood best the shaking (opponents of timber-frame housing please note). King Canobelin (Old King Cole) chose Colchester as his capital; the Romans built a city there; and the Normans built their largest castle keep.

Essex man (and, more recently, Essex woman) has become the butt of as many jokes as vicars and parrots; most are way off the mark. Flash Harry and Cheryl hardly

reached Essex proper. Real Essex man seldom moves away; many travel but most return. There is a county of misty fishing hamlets, sudden villages with Morris dancers and cricket greens, real pubs with real ale, and even a few real ploughmen. It is a county with culture in plenty plus a little candy floss at Southend, the Londoners' Black-pool.

Nature is not bountiful with rainfall in Essex (it has the lowest in the country) but there is enough to keep Constable's beloved river Stour flowing through the green fields of Dedham. The county is not

well-endowed with stately homes, either, but it has at least 1,000 moated country houses - more than any other. There are also more horses than elsewhere.

Before the property boom, many people with more money than taste discovered that Essex offered better value, property-wise, than any other home county. They moved with their families, their Mercedes, their *au pairs* and their ponies to the green paddocks of Ugaw (and the like), and the jokes started. Now, the bubble has burst and they cannot afford the mortgage; unemployment in Essex has risen sharply in

the past year. Result - repossessions and bargains galore (plus more than a few Dobbins for sale).

John Gibson, of Savills, says buyers have an especially wide choice of farmhouses in Essex but only the near-perfect are selling. Mediocre offerings have slumped in value by as much as 30 per cent. "Curiously," Gibson adds, "there are now cash buyers living in rented accommodation because they can't find the right house; this is because many owners of really good houses, old rectories and the like, decided not to sell in this market."

One of the most seasoned prop-

## ESSEX FACTFILE:

Major towns, with distance from London; rail travel time; annual season ticket price (first class in brackets); and house prices by Hambro Countrywide (1. Two-bedroom starter; 2. 3 br semi; 3. 4 br detached; 4. country house with paddock).

Colchester: 52 miles; one hour; £2,052 (£3,080). 1. £42,000; 2. £54,000; 3. £85,000; 4. £300,000.

Southend: 42 miles; 55 mins; £1,786 (£2,698). 1. £43,000; 2. £58,000; 3. £110,000; 4. £360,000.

Brentwood: 20 miles; 25 mins; £1,280 (no first); 1. £55,000; 2. £75,000; 3. £165,000; 4. £380,000.

Area: 907,331 acres.

Population: 1.5m.

Unemployment: 10.7 per cent.

Community tax average: £234.28.

Access to countryside: 3,500 miles of footpaths and bridleways (including 30 miles added recently added to bridleways system).

Ways through Essex pamphlet from County Hall.

Libraries: 54 full-time; 36 part-time; 28 village centres; 17 mobile.

Administration centre: County Hall, Chelmsford CM1 1LX.

buy, and sensible ones are getting in quick before the market recovers strongly, as it assuredly will."

Hambro Countrywide is another to have noticed a change. It says there has been a significant increase in inquiries since the beginning of the year and the number of prospective buyers has trebled in recent weeks. House-builders, too, are showing signs of cautious optimism, especially those catering for the first-time buyer.

At Grays, Alfred McAlpine Homes is offering flats and houses at Anchor Point, a skip from the station, right on the waterfront and only a short drive from Dartford Tunnel. They are attracting a lot of interest. One-bedroom flats cost just below £50,000 while £59,000 buys a two-bedroom house with two balconies facing south over the water. The three-bedroom houses cost £70,000.

For something a little larger, Cala has homes with three and four bedrooms beside the cricket green at Shenfield, with prices starting at £144,550. Moody Homes also reports a stir in the market, especially for more spacious houses in a village setting: two, each with five bedrooms, have just been sold for around £300,000 in Ingatestone.

Moving further up-market, John D. Wood suggests a price of £250,000 for the delightfully-named Cherry Garden, a Grade II-listed, 16th-century house at Burnham-on-Crouch. There is also a field with consent for six detached houses, at £330,000.

For around £550,000 there is Gills Farm, in Epping Upland, which is described by Savills as being in the perfect location if you like being surrounded by rolling countryside with a healthy population of deer. There are more than five acres, a tennis court and swimming pool and plenty of outbuildings. Definitely something for the real Essex man.

## Realism keeps the Broads in business

John Worrall finds that Norfolk prices have come down and distress sales are dropping fast

The Norfolk Broads are spread down the eastern half of Norfolk, a series of lakes born partly of medieval peat diggings and some slow, connecting rivers. Long an area for waterborne holidays and recreation, effectively they became Britain's 11th national park in 1989. In planning and navigation terms, they are now administered by their own special statutory body, the Broads Authority.

Tourism, naturally, has made the villages - strung along the 125 miles of navigable waterway - the stuff of retirement dreams although few of those dreams come true. One local agent reckons that while 70 per cent of footfalls through his door are visitors thinking of moving into the area, less than 10 per cent of them actually make the effort to do so. Many of those then find the pace of life too slow after, say, Essex or Hertfordshire and, eventually, return whence they came.

The trouble for them is that moving back is not so easy at present. Norfolk house prices have dropped by more than 30 per cent since their 1989 peak; probably the biggest price reversal in the UK. Indeed, houses are cheaper now than for many years, according to David Richardson, managing director of Hockleys of Norwich.

"With lower interest rates, the removal of stamp duty from most purchases and moderate increases in real incomes, housing costs in real terms are probably at less than half the level of three or four years ago," he says.

But the market seems to be grasping that fact. Richardson notes that

the number of sales achieved by Hockleys in Norfolk as a whole, in the 12 months to February 1992, was 71 per cent up on the previous 12 months.

Waterfront prices probably start as low as £35,000 for one-bedroom leasehold timber cabins beside the River Thurne at Potter Heigham, each with its own mooring and easy access to ice cream and fish and chips.

Two- or three-bedroom properties of similar ilk might fetch up to £50,000 - particularly if they are of sufficient substance to pre-date the start of planning controls in 1948, thus escaping the restrictions on their annual periods of use. That is

the holiday and weekend market. Upwards from those prices, though, buyers rarely will get change from £100,000 for a brick-built waterfront freehold, even on the smallest navigable backwater.

In Wroxham, the prime pitch - which, together with Hoveton, across the River Bure, forms the heart of the Broads - houses in Beech Road were fetching up to £250,000 at the peak of the market (although, at that level, buyers were getting a residence of true quality, with several acres).

Buyers in the middle and upper price ranges tend to be local professional and business people, or locals who have moved out and are mov-

ing back in their retirement. They have a reasonably wide choice.

At Dilham, towards the northern extremity of the Broads and three hours by boat from Wroxham, £119,000 would buy a detached three-bedroom brick bungalow with a 50ft quay-headed mooring (through Woolwich Property Services).

In Hoveton, a relatively modest £125,000 would buy a three-bedroom timber-framed chalet built in the 1970s (now available through the Stalham office of William H Brown). Just upstream, at Belangh, Strutt & Parker requires £245,000 for a five-bedroom barn conversion with 50ft of mooring.

Agents say that waterfront prices have been relatively resilient; in general, they put the markdown from the top of the market at perhaps 25 per cent. Inevitably, though, there has been inertia as vendors continued to hope; some present offerings still illustrate substantial compromise.

Orchard Mead is a house in Ropes Hill, Hoveton, a village just downstream from Wroxham and Hoveton. With four bedrooms, two bathrooms, mooring, boatshed and slipway, it was valued at £290,000 four years ago.

In September 1991, it entered the market at £210,000 (through Woolwich Property Services) but there

was little interest until it was reduced, in the first week of January, to £180,000. It then received three offers.

Similarly, Hockleys recently sold the Little House, Lower Street, Horning, for £170,000. The property, which was once divided into two flats, has seven bedrooms, a 60ft quay-headed mooring and covered boat dock. At the peak of the market, its value was close to £250,000.

Now that vendors have come to terms with the need for realistic pricing, they are in no mood for further messing about. "Soft" deals are much thinner on the water.

Melvyn Stone, manager of the Wroxham office of Woolwich Property Services, says: "There is still a false idea that in this market, any vaguely reasonable offer will be accepted, but the supply of distress sales has more or less run out. Most people who now want to sell will do so only at something fairly close to the asking terms."

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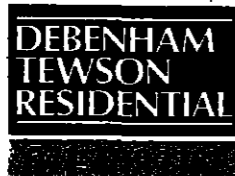
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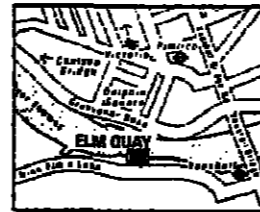
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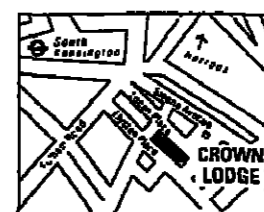
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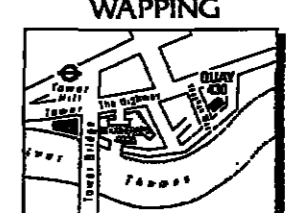
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## TRAVEL

IT WAS all too perfect. The moon hung heavy over the governor's mansion. Peacocks strutted on verdant lawns. The elite of the Khyber Rifles Regiment brought down the flag. The Last Post echoed mournfully. And the governor's servants, dressed in sculpted turbans resembling upturned candelabra, served us sandwiches with the crusts cut off.

The governor of the North West Frontier Province of Pakistan bore a startling resemblance to Douglas Fairbanks Jr. His pyjama suit was beautifully cut, his moustache doubly so, and although the scene seemed quintessential British Empire he looked proud of his new country and prouder still of its past.

This was the centre of the ancient Buddhist kingdom of Gandhara. It was over-run by the Kushans in the first century AD, brought under Moslem control in the 11th century, then later governed - but never really conquered - by the Moghul emperors, the Durranis of Afghanistan, the Sikhs of Lahore, and, from 1849 to 1947, the British.

The latter, fearing a Russian invasion, tried to manipulate the feud-obsessed Pathans by playing the myriad tribes off against one another. They tried bribery, threats, taking hostages: the Pathans largely did their own thing - mainly fighting among themselves and anyone else who got in their way, often with murderous success. It was in this guerrilla-friendly wilderness that the British swapped their bright red uniforms for inconspicuous khaki, from the local word *kakhi*, meaning dusty.

Today Pathans still stroll through Peshawar, capital of the NWFP and home of the governor, with rifles slung under their cloaks. The Russians have fled neighbouring Afghanistan, but the Tribal Areas - backing on to the Afghan border - are still full of tribal Mujahideen, now largely engaged in smuggling and gun-running, still exchanging "a blow for a pinch" in their innumerable family feuds.

Peshawar is a town with a split personality: a modern university and a Pearl Continental hotel, the serenity of the (British-built) Mall, and, in the Old City, a mass of choked streets, rickety shops and wild-eyed Pathans. In the Khyber Bazaar billboards depicting gory extractions point the way to the street of dentists; brass and copper merchants heat a tinnip of welcome off Qissa Khwani Street; the money changers squat amid piles of filthy notes in Chowk Yadgar, the central square, pocket calculators poised.

If the Pearl Continental is too bland, Dean's Hotel, on Ismailia Road, offers basic rooms with a touch of colonial nostalgia, plus the boast that "Winston Churchill slept here". (He probably needed extra blankets). Salatin's, on Cinema Road, offers first-class Pathan fare - meat kebabs, chicken shashlik, vegetarians face a lean time in most of Pakistan.

Twenty kilometres from Peshawar, towards Afghanistan, lies the Khyber Pass. Although officially off-limits, permits can be obtained through the Ministry of Tribal Affairs in Peshawar. An armed escort is required, and the Pakistan Tourist Development Corporation can help.

The road winds first past choked camps of Afghan refugees, outcasts from their war-torn country and a terrible drain on



Local tribesmen playing polo - often with a sheep's head - in Naltar, near Gilgit, in the North West Frontier Province

## Hard ride on the world's highest road

Andrew Anderson climbs the Khyber Pass and travels across northern Pakistan in search of Shangri-La

Pakistan's economy. The refugees have built their own areas of commerce, mainly smuggled goods bearing western brand-names - there is even a Khyber Pass branch of Marks and Spencer.

The Pass starts at Jannard Fort and climbs into the Tribal Area, nominally under Pakistan control but a place that lives by its own laws. From the plain great crags of jagged rock rise up to tear at the sky, the rocks splintered by the heat and cold of furious seasons; nothing moves, nothing appears to grow, or seems capable of survival in this awful wilderness.

Dashed on the rocks are regimental badges and mottoes of British regiments which served there. One cannot imagine what the khaki'd youths from Devon or Cheshire made of it all, alternately shivering and boiling in their rock-hewn look-outs, waiting for the cold blade of a Pathan. The graves of the victims (of cholera, mostly) dot the landscape.

The pass is now guarded by the Khyber

Rifles, whose HQ is close to the top of the pass. An eyrie of a border post overlooking a few miles of no-man's land before the Afghan border marks the limit of lawfulness. Beyond this, the tribespeople and Mujahideen come and go as they please, riding shotgun in Japanese flatbed trucks, smuggling drugs and goods of every description to the bazaar of Landi Kotal hard by the border post, where hashish is sold by the bucketful and tourists' armed escorts nervously stick flowers in their rifle barrels to show they come in peace.

There is peace aplenty further north than the NWFP: pincer between India and the Chinese border, the Himalayas on one side and the Karakoram on the other, lies the gorgeously rugged Northern Territory.

One of the world's most exciting commercial flights takes you - weather permitting - from Islamabad to Skardu, flying towards E2 and past the looming bulk of Nanga Parbat, before barrelling down a

narrow valley, turning on a sixpence and landing on a flood plain of the young River Indus, 2,300m above sea level, at Skardu, capital of Baltistan. The (heavily subsidised) fare of Rs300 (£7) is a bargain.

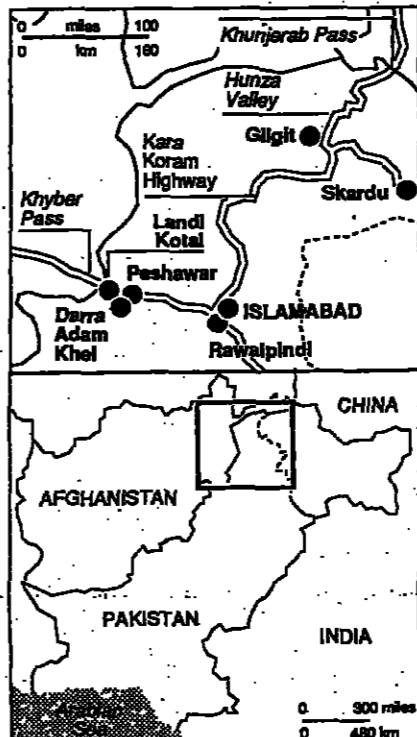
Skardu is the gateway to some of the world's finest trekking and mountaineering areas. The town is little more than a collection of shacks, but the setting is spectacular: the great oval sand-basin of the Indus floodplain, ringed by mountains on all sides, the bluest of skies. All sense of perspective is lost amid the dizzying peaks.

Some 30km from Skardu, on the road to Gilgit, is the Shangri-La Tourist Resort, an up-market hotel built in a style best described as mock-dodgy Chinese, but in a gorgeous setting around icy Katchura Lake. Rooms start from around Rs850; for a little more you can bed down in a converted Dakota aircraft that crash-landed on the Indus sands in the 1970s and was hauled by man-power to its present site.

Further north, pointing its pot-holed finger all the way to China and beyond, lies the 1,000-km-long Karakoram Highway, acclaimed by Pakistan as (yet another) Eighth Wonder of the World. This one almost deserves the accolade: built over 20 years at a cost of hundreds of lives, it defies countless earth tremors to provide a trade artery along a route that dates further back than the Silk Road.

Driving up the KKH is a heart-stopping experience. The "road" from Skardu to Gilgit, which joins the KKH at the Alam Bridge, is a useful primer. It hugs the Indus gorge all the way, carved or blasted out of the rock walls that tower above it, with the river silently swooping or raging and roaring hundreds of metres below. Huge, gaily-painted lorries groan along its length for days on end; meeting one requires the most delicate of passing manoeuvres. Those wishing merely to be frightened should sit on the right of the bus. Those wishing to be terrified should sit on the left.

Most travellers stop to de-jangle their



nerves in the frontier town of Gilgit before steeling themselves for the next leg of the KKH through Hunza and on to the snowbound Khunjerab Pass, at 5,375 metres the world's highest motorised road. Gilgit has an interesting market, to which wiry mountain men walk for days to sell their goats; a good modern hotel in the Serena Lodge; and can be reached by a spectacular small-aircraft flight (Rs245) from Islamabad, although this again often falls victim to bad weather. Like Skardu, the setting is wonderful: the town is held hostage by towering peaks.

Beyond Gilgit, the KKH is shadowed on

the opposite bank of the Hunza River by part of the original Silk Road, a dizzying goat track backed into the mountainsides and punctuated by now-rotten footbridges. Much of it has disappeared, crumbled by earth tremors that strike this area of colliding geological plates every three minutes. The KKH, too, is often blocked, but quickly cleared by bulldozer. In one area hundreds of tiny garnets lie scattered amid the debris in the road. You can gather handfuls, though it will not make you rich: a polished string can be shop-bought for a few pence.

Past Rakaposhi (7,788 metres) the KKH winds into the wrenchingly-lovely Hunza Valley, inspiration for Shangri-La in James Hilton's novel *Lost Horizon*. After the desolation of the past hundred kilometres the valley opens up like a dream: scopey, terraced fields rippling down the mountainsides, bordered by dry stone walls; graceful, slender poplar trees slashing vertical accents in the crystal air, the peaks of Rakaposhi, Ultar and Distaghil standing sentinel over all. In autumn, the valley is splashed with red, ochre, burnt umber and orange; in spring, wild flowers grow in profusion.

No wonder the people - Ismaili Muslims mostly, although the practice of fairy worship clings on in some valleys - look content, though their lives must be harsh. They may not live *hundreds* of years, as Hilton wrote and many believed, but their diet - largely apricots - seems ambrosial enough.

In Karimabad, the local capital, the (now-abandoned) old palace of the Mir, head of the family that has ruled the area since the 11th century, gazes over an enchanted arena of soaring peaks, green terraces and thriving orchards, roofed under an eggshell sky. Apparently there is no word for "stress" in the local dialect.

In London, the Pakistan Tourist Development Corporation is in Suite 435, Holborn House, 52-54 High Holborn, London WC1V 6BB, tel: 071-242-3131.

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## The town that lives by the gun

DEALING in death has been good for Darra. At first sight, this tiny, dusty hamlet strung out along a "main" road 35 kms south of Peshawar, in Pakistan's North West Frontier Province, seems indistinguishable from all the other tiny, dusty hamlets in the area. Until one goes shopping. "Kalashnikov?" smiles the gap-toothed proprietor of Ali's Arms Store. "Very good weapon, very good. But now not so good. Now we make the barrels from poor building steel, which melts. Or this: Lee Enfield. Very good gun, very strong. Or this one: Luger, same as German. Very good gun, very cheap. Ammunition no problem. You want one?"

Darra is the arms factory of the NWFP Province, a one-stop, drive-in ammunition dump for local tribesmen (mainly Pathans), ex-Mujahideen from Afghanistan, political militants, rivals with scores to settle, people with expensive "shipments" to protect, even the occasional foreign "guest".

The whole village, hundreds of people, and many more in the area, is dedicated to forging - even down to the serial number - almost every type of weapon, new and old, invented in the world's munitions factories. The Pakistan police and army have no authority here. Cash is king. The Soviets may have pulled out of nearby Afghanistan, but business in Darra is still booming.

In every roadside stall Lee Enfield rifles old and new are lined up in their dozens. Wicked little Uzis hang on rusty nails next to shiny M16s. World War Two Sten gun copies are tucked in every corner. Revolvers and pistols of every kind are stacked high: Lugers, Berettas, snub-nosed Mausers, Colt .45s, Walther PPKs. Bullets spill from cardboard boxes. Shells rattle on



A prospective purchaser hefts a weapon in Darra

the shelves. Prices start from about £30 for a perfectly decent, perfectly deadly, Saturday Night Special.

Try before you buy, everyone else does. The street echoes with gunfire as tribesmen heft a prospective purchase, swing it to their shoulders and send a stream of bullets into the hills that loom over Darra. Tight knots of men mull over the merits of stock and trigger action. Delivery is usually "arranged" later, away from tribal customs posts.

Afraid of loud noises? Silencers can be arranged. Or how about a blade? British Commando knives, SS daggers, bayonets, stilettos - all sharpened

on the spot and very cheap. Brass knuckle-dusters, coshes, bandoliers, holsters: name your price.

Ingenuity abounds. Rifle mechanisms are hidden in walking sticks. An officer's swagger stick conceals a needle-thin rapier. Cheapest of all - yours for Rp100 (about \$2.20) - is the pen gun. Unscrew the barrel, drop in a 22 bullet, reassemble, pull back the

spring-loaded barrel top, press the clip to release the spring and the "toy" splits the air with a deafening bang.

Off the main street are the gun "factories", shacks generally specialising in one part of the production process. Here is the man who can hand-rifle a gun barrel, here the man who makes the trigger mechanism. Boys of six or seven squat in the dust polishing walnut stocks to a glistening sheen. In one shack an anti-tank rocket launcher is propped against the wall, complete with shells. Are they live? The stallholder shrugs: he knows a window shopper when he sees one.

There is a small mosque off the main street. In a guest room a village elder offers us sandwiches and garish sponge cakes. And the sweetest of almonds. The Pakistani government prefers to keep Darra off the official tourist track, but the villagers are getting used to their crowd-pulling notoriety, and permits and guides can be obtained - after a little bureaucratic wrangling - through the Khyber Political Agency. Independent travellers can often get through simply by donning the "disguise" of an Afghan hat and cloak - but it is not recommended.

After high tea, more locals demonstrate their machine-guns, then it is our turn. I am too frightened, but others in my group grab the weapons gleefully. The air fills with thunder. Empty cartridge shells rain down. The locals laugh and clap. A retreat behind a pillar, feeling sick.

Andrew Anderson

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Anthony Curtis welcomes an admirable new edition of Johnson's correspondence

THE POPULAR conception of Dr Johnson, derived from Boswell's *Life*, as the great fulcrum and layer down of the letters, becomes modified when his letters are read consecutively. A new edition of his correspondence, the most complete so far, brings out the many-sidedness of the man: Johnson the loving husband with a sick wife, replaced soon by Johnson the widower who is in spite of his own grief a constant support and moraliser for his friends and fellow authors, men and women. Then there is Johnson the freelance who is his own literary agent; and Johnson the dedicated classical scholar, part of an erudite network of friends and colleagues regularly exchanging information. All these Johnsons come through more powerfully than ever before.

Many of the letters are well-known – not just from previous scholarly editions, mainly the one in 1882 from Oxford by R.W. Chapman, but also from Boswell and from being printed in full in books such as John Wain's *Johnson on Johnson* where the texts of letters are taken from the Chapman edition, said Wain, "worked on Johnson's letters from 1819 to 1882; what he did not know about them, I for one am content to go on not knowing."

Not everyone, though, was so content with the Chapman edition. The American Johnson specialist Bruce Redford, professor of English at the University of Chicago, has been hard at work with his students for many years on an entirely new

edition of the letters of Johnson and now we have before us the bulk of it in three volumes. This is called the *Hyde Edition*: it derives from the Hyde Collection partly formed by Mary Hyde Eccles (Lady Eccles) without whose scholarly enthusiasm this new edition would not have been possible.

The first volume begins in 1731: Johnson, recently down from Oxford without a degree, writes from Lichfield to Edward Cave, editor of *The Gentleman's Magazine*, trying to interest him in taking some work. By the third volume Johnson has become a famous man, having made his name with the appearance of his *Dictionary* in 1755. He writes in 1781 to his friend Mrs Thrale, the brewer's widow, assuring her that his affection for her is not diminished. Before his death three years later he will break with her completely.

Redford found Chapman's edition inadequate in several respects. In his three volumes, Chapman printed, all told, 1,515 Johnson letters. Redford has discovered 53 more and he "strongly doubts the authenticity" of four printed by Chapman which he has dropped from the canon. A recurrent problem for any editor is Johnson's handwriting, which is often difficult to decipher. Chapman spotted mistakes made by earlier editors but then went on to make some of his own. His "Mr J Combe", for example, in a letter of 1770, turns out to be really to have been Henry Thrale's nephew, Ralph Plunne.

Clearly then, Chapman's has now been superseded by this new edition. It will be com-

pleted by a further two volumes in 1994, one of letters from 1732-34, and one containing appendices and a comprehensive index. The ordinary reader will wish to ask, is all this no doubt admirable scholarly work of editing going to alter our view of Johnson radically? Many of the texts of the letters do in fact appear here in exactly the same form as they appeared hitherto, including such famous letters as the one in February 1755 to Chester-

**THE LETTERS OF SAMUEL JOHNSON: VOLUMES I-III, 1731-1781**  
edited by Bruce Redford  
Oxford £25 each, c.400 pages

**THE JOURNALS OF JAMES BOSWELL 1761-1795**  
selected and introduced by John Wain  
Heinemann £20, 412 pages

field about the *Dictionary* ("Seven years, my Lord have now past since I waited in your outward Rooms or was repulsed from your Door...") and the one to James Macpherson of January 1786 in which Johnson spiritedly refused to retract a single word of his view that the Ossian manuscripts never existed and that the whole thing was a fraud – as indeed it was.

Nonetheless, Redford says of this edition that it "aims ultimately to provide a model for a fresh assessment of Samuel Johnson, man of letters". Previous editors have, in Redford's view, seriously misinter-

preted Johnson's tone in his letters to Hester Thrale, and by reading them in this edition we may now see how crucial these letters were to Johnson's discovery of his own potential. They do not represent a great man humoured a tiresome woman, as earlier editors tended to think, but are evidence of a deep mutual bond. Among the material not included at all in Chapman, there are printed here 12 letters to the novelist Charlotte Lennox, author of *The Female Quixote*. These, says Redford, are "outstanding in biographical significance".

The Lennox Collection of 42 letters came to light in the Dumfries branch of a Scottish bank in 1864 and was acquired by the Houghton Library, where the letters were edited and published by Dunfermline scholar and fully acknowledged in the copious footnotes to the Hyde Edition. When read in *Isles' edition* in the *Harvard Library Bulletin*, the dozen Johnson letters in the Collection – the ones printed here by Redford – are seen to dovetail with letters to Mrs Lennox from several other eminent men, such as Lord Orkney, David Garrick, Samuel Richardson, 18th century English gentlemen who went out of their way to aid this gifted woman writer.

This is not to underestimate the importance of placing those letters written specifically by Johnson to Mrs Lennox in the chronological context of his entire correspondence and to find confirmed the admiration that he had for her lively mind. This enhanced view of their

relations is one of the fresh perspectives opened for all Johnsonians by the appearance of this new edition.

Johnson and Boswell speak nowadays with two different voices to two different audiences. One voice addresses the professors and post-graduate students whose field is 18th century English literature. The other voice speaks to the audience represented by – in Johnson's own words – the common reader. Boswell's journals have always been issued in two separate editions, a popular one with a minimum of apparatus, and a scholarly one with the full panoply of footnotes and textual glosses.

The latest book in the popular series is the one-volume selection from all previous editions of Boswell's journals edited by John Wain. Boswell's enormous hope and disappointment, encounters with the famous and the lowly, as he set them down, are one of the greatest literary bombshells to have exploded in our century. From them Boswell emerged as a person in his own right quite separate from Johnson. We can conveniently sample his whole character here.

A sense of the need for a book about Johnson not seen exclusively through the eyes of Boswell prompted Wain to write a fresh life of Johnson in 1974 and in 1978 to edit the book *Johnson on Johnson* (the 1000th volume in Everyman's Library). The common reader might find the view from its nursery slopes a useful preliminary vantage point and to find the majestic heights of Redford's great new edition of Johnson's letters.



## Desert cities gamble with change

UNLIKE WRITERS such as Tom Wolfe or Hunter Thompson, who see Las Vegas as an opportunity for satire, David Spanier chooses to give us the straight dope on the place in his loving, informal account, *All Right, Okay, You Win: Inside Las Vegas*. Casting his eye over its daily life, he depicts a city that is shedding its image as a venal pleasure dome in an effort to become legitimate. Gone are the days when Bugsy Siegel and his mobster friends ran the casinos, now replaced by corporate-minded, law-abiding entrepreneurs whose "family entertainment centers" just happen to include slot machines and poker tables. And instead of some pin-striped Mafia boss at the baron table you are more likely to see a grim Japanese businessman.

The irony of all this legitimacy, of course, is that a high-tech, squeaky-clean Las Vegas might be a contradiction in terms. By replacing Tony the

**ALL RIGHT, OKAY, YOU WIN: INSIDE LAS VEGAS**  
by David Spanier  
Seeker & Warburg £16.99, 275 pages

**LOS ANGELES: CAPITAL OF THE THIRD WORLD**  
by David Rieff  
Jonathan Cape £17.99, 270 pages

Ant and Jimmy the Weasel with Mickey the Mouse, the people who run Vegas may be sacrificing the city's unique allure in order to make it just another knob on America's increasingly bland national entertainment console.

Spanier chronicles this metamorphosis with an unblinking, kindly eye. He is as good on the small print as he is on the big picture, showing us, for instance, the distinctly middle-class life of the "colored doves", the prostitutes who

work more or less legally on the Strip as an adjunct to the gambling. There is also a fascinating chapter on sign making, which has grown into a multi-million dollar business as rival casinos try to out-shine one another with garish neon creations. Spanier is at his best describing the mechanics of gambling, showing how the big casinos walk a fine line between fleecing their customers and treating them like gods. In Vegas, it would seem, chance is an exact science – it is no surprise to learn in this lively, informative book that the man hired to design the modern slot machine was an engineer who had previously spent 20 years at NASA.

David Rieff's *Los Angeles: Capital of the Third World* depicts another desert city undergoing rapid transformation. Rieff's premise is that L.A., swamped by immigrants from the Third World, will soon be a non-white, non-Spanish city with close ties to Tokyo and Mexico and Lou-

don or New York. Resident whites are confronting this fact with varying degrees of bemusement, from those who throw up electric fences around their properties in anticipation of a coming race war to others who see it as a blessed opportunity to recruit cheap household help (who are now referred to as "enablers", as in "now that I have a maid, I'm able to take up jogging").

Either way, it is a change that even the most blinkered of Beverly Hills residents is going to have to confront eventually. Rieff's account is exhaustive and often fascinating, offering up compelling facts such as the astonishing news that the L.A. public school system now has pupils who speak 82 different languages. He is also very good at portraying the rather pathetic attempts of liberal whites to deal with the changing face of their city – sampling spicy cuisines and *mariscos* music seems to suffice for most. And yet, though he is alive to the dangers inherent

in this demographic upheaval, Rieff remains bullish on its possibilities, seeing the legendary sunniness and mutability of native Angelenos as well as choosing an optimistic conclusion about the human condition. This is a book which is destined to provoke controversy, not just among those with a lively professional interest in it, but among the general educated readership for which it is written.

Freud's revolutionary ideas contain, says Lear, three elements: a science of subjectivity; the discovery of an archaic form of mental functioning; and the positing of a basic force of nature. Lear argues that the significance of these ideas was not fully apparent to Freud himself, because his orthodox attitude to science, understood on the positivist model as the discovery of facts in an objective world, prevented him from grasping the true nature of the unconscious mind and its relation to conscious mental activity. A "science of subjectivity" cannot proceed in the standard objective way, Lear argues; understanding mental life requires a different approach. His reworking of Freud's theory provides him with the premises for his striking new suggestions about what such an approach involves.

For Freud, the unconscious contains fully-formed thoughts which their owner represses because he cannot bear to acknowledge them. Curiously, someone of psychological illness is accordingly a process of bringing repressed thoughts to light so that they can be accepted. For Lear, by contrast, the unconscious is not a repository of repressed thoughts but an "archaic" mind; it is the locus of primitive, inarticulate, preconceptual mental activity, which can only be brought into consciousness by a process of development and learning, the capacity of clear expression. Psychosomatic symptoms and the content of dreams both furnish examples of archaic thinking. Resolving difficulties which arise at this level involves not the uncovering of fully-formed thoughts, therefore, but evolution of the primitive mental material into more developed form, resulting in a unification

Stephen Amidon

## Aspects of love...

IN THIS brilliant and imaginative reworking of the central ideas of Freudian theory the philosopher Jonathan Lear arrives at surprising and optimistic conclusions about the human condition. This is a book which is destined to provoke controversy, not just among those with a lively professional interest in it, but among the general educated readership for which it is written.

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## Inside the mind of an elusive president

WARREN KIMBALL, an American diplomatic historian best known for his definitive edition of the Churchill-Roosevelt letters, has set himself what many would regard as an impossible task. He has sought to identify the basic assumptions that underlay Franklin D Roosevelt's wartime diplomacy and post-war strategy. Kimball argues throughout this collection of individual essays written at different times, that behind the President's rhetorical posturings and tactical manoeuvrings, there was a constancy of purpose. By looking at the broad shape and long-term intentions of Roosevelt's specific policies, Kimball convincingly lays to rest the old canard that the President was merely reacting to daily events; but he also attempts the far more difficult task of defining "the juggler's vision of the post-war world, an amalgam between the ideological, the pragmatic and the practical which Kimball calls

"Roosevelt's Americanism".

Each essay, based on extensive work in the American archives and with a broad knowledge of the Anglo-American secondary literature, has been reworked to throw new light on the elusive man. Kimball writes with verve and energy; even the extensive footnotes hold one's attention. This book is guaranteed to provoke debate but of a productive kind that will interest British as well as American readers.

If there was a consistency in Roosevelt's activities, it was neither obvious to his wartime allies or even to his fellow citizens. From his own studies of lend-lease and the Morgenthau Plan that defeated Germany, Kimball is fully familiar with the strongly supported case for Roosevelt's elusiveness and changeability. The President's treatment of Churchill and Stalin was such a strange combination of ruthless realism and egoistic optimism that conventional characterisations have to be abandoned. Roosevelt's hopes that the "good

neighbours" policy of the western hemisphere would become the model for relations between the great and small countries in the rest of the world involved a whole range of unspoken assumptions that have to be teased out of the President's wartime policies. Kimball rightly insists on

**THE JUGGLER: FRANKLIN ROOSEVELT AS WARTIME STATESMAN**  
by Warren F. Kimball  
Princeton £16, 304 pages

Roosevelt's central role in directing American diplomacy despite the smoke-screen with which he often surrounded himself. A surprisingly good case is made for the President's consistent espousal of certain causes: his resistance to the opposition to colonialism and his belief that decolonisation and independence would be an inevitable result of the

war. In this essay on "Roosevelt and Colonialism" and in his treatment of the President's appraisal of the Soviet Union's future importance in maintaining the European peace, Kimball makes large claims for Roosevelt's presence.

It is certainly true that some of the assumptions behind Roosevelt's actions, whether successful or not, appear to have been vindicated by the events of the last years. Roosevelt assumed that the Soviet Union would recognise in time the virtues and superiority of the American system and would eventually follow the paths of democracy, capitalism and free trade. Similarly, the Russians, eastern Europe and the British, freed from their crippling colonial inheritance, would learn from the special relationship that the US had created with their condemned enemies. Roosevelt's post-war planning envisioned evolutionary change though hardly, in the Soviet case, the 40 years it has taken.

The Cold War years pushed Franklin Roosevelt off the centre of the historical stage. Our present image of the President, both in terms of his domestic and foreign policy, was fashioned in the 1960s when the New Deal and Roosevelt's Soviet strategy was subjected to scathing criticism. These diplomatic essays may represent the beginning of a more balanced appreciation of this great, if highly controversial, leader.

Kimball's attempt to systematise Roosevelt's thinking, as the very title of his book acknowledges, is bound to be flawed. Roosevelt never articulated a cohesive philosophy and prided himself on his unusual dexterity. Essays of this kind are suggestive rather than conclusive, and so this rethinking of Roosevelt's war aims is to be warmly welcomed but the verdict remains "not proven".

Zara Steiner

## Courage to stay out of the closet

WOULD YOU read a journal with such a title in the crowded compartment of a train? It is a sad truth, but as editor Salvatore Santagati has found to his literal cost, the blazoned word "gay" is a great loser of subscriptions. I put myself to the test for the purposes of this review, and only with difficulty restrained the impulse to hide the cover of this thick new double issue as I browsed through it on the Northern Line.

That is a pity, for Santagati has created and sustained for some six years now an interesting, readable, importantly eclectic and cosmopolitan publication, always conscientiously "European" if not outrightly global, "gay" in an univocal, untidying, wide-ranging sense. The epithet here betokens an informing sensibility rather than an absolute specificity of subject matter or a political project, and

though the various essays, stories and poems tend to further the journal's ongoing broad inquiry into homosexuality, they are offered firstly for their literary merit, and ask to be read by all.

For a time Santagati agonized about the propriety of dropping the troublesome titular word altogether – plain *The European Review* would still be an honest description of the organ – and it was not an Arts Council funding stipulation or anything like that which induced him to keep it, but a belief in sticking to his guns. In fact he has ceased applying for Arts Council support: meeting the bureaucratic conditions cost more money than the grants were worth. The *Review* does attract a small amount of approving high-class sponsorship, notably from Yves Saint-

Laurent; but essentially it has to pay its own way, and apparently breaks even.

Among our enduring literary journals – they are precious few – the *AGR* stands out both for its content and elegant design. William Cookson's *Agenda* and Miron Grindea's

**EUROPEAN GAY REVIEW, VOLS 8/9**  
Verlaine-Rimbaud Publishers £11.95

Adam have alike an appearance of white plumpness, and the content of the respective latest issues might be described in a not dissimilar way. The *London Magazine* looks smarter and maintains a certain interest, but is almost too old a friend not to have Granta-like succumbed to

glossiness both of form and content.

I should declare my hand – I have contributed to a previous issue of the *AGR*. But I do not think I am biased in singling out the journal's appearance for praise, or in suggesting that its content is more wide-ranging and rewardingly unpredictable than that of its rivals. I have in any case criticisms on both counts. For instance, though the cover-typeface and illustrations of the latest issue are beautifully chosen, the text itself is a litter of misprints, a record of over-hasty proofing.

The contributions are as stimulatingly varied as in previous volumes. Big names are again justified by lesser ones, and the majority of items are specific to their context rather than Granta-like slices of forth-

coming books. Santagati has been remarkably successful in persuading famous writers to produce for him. Thom Gunn's volume on Allen Ginsberg in Volume 8 being an outstanding example; and if there is nothing here of quite that calibre, we can satisfy ourselves with translations of work by three distinguished deceased Italian poets, and a little story by Sandro Penna, a letter to Penna by Eugenio Montale ("I love your aphoristic poetry a lot"), and a vivid emotional review of Penna's stories by Pier Paolo Pasolini.

There is a substantial chunk of the editor himself – two stories, a suite of poems and photographs, and a reworking of a passage from St. Augustine. Santagati is an Italian who has elected to write in English as a matter of creative

vocation, and achieved results that, while often risking bathos, have a raw and sensual directness of utterance and a formal simplicity that are original. "Frosted Eyes" does not quite work as a story but powerfully expresses an appalled urban weariness. The autobiographical "A First Spring in Sicily" is the pure quivering of an unbanded soul.

Perhaps the editor obtrudes himself more than is seemly; but there are many other items here to ponder on, whether Andrew Holleran's amusing and sad New York story, "Pornography and Funerals", Gregory Woods's discussion of the poetry of Yannis Ritsos, the fiction and conversation of Swiss writer Christoph Gelter, or Jeremy Reed's fruitcake of an essay about Proust's reliance on drugs. One will after all be too absorbed in reading to notice the looks of strangers on a train.

Paul Driver

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## BOOKS/ARTS

# The FO mandarins decoded

Robert Mauthner enjoys some diplomatic inside knowledge

**M**ORE THAN any department of state, the Foreign Office has succeeded in shrouding itself in an aura of mystique and elitism which has elicited both the admiration and irritation of the public and Parliament. In the words of the latest work attempting to break down its hallowed portals: "Those on the inside are bound by a code of confidentiality which inhibits the disclosure of affairs of state in any detail that might be damaging to the best interests of the country. Those on the outside... are not normally

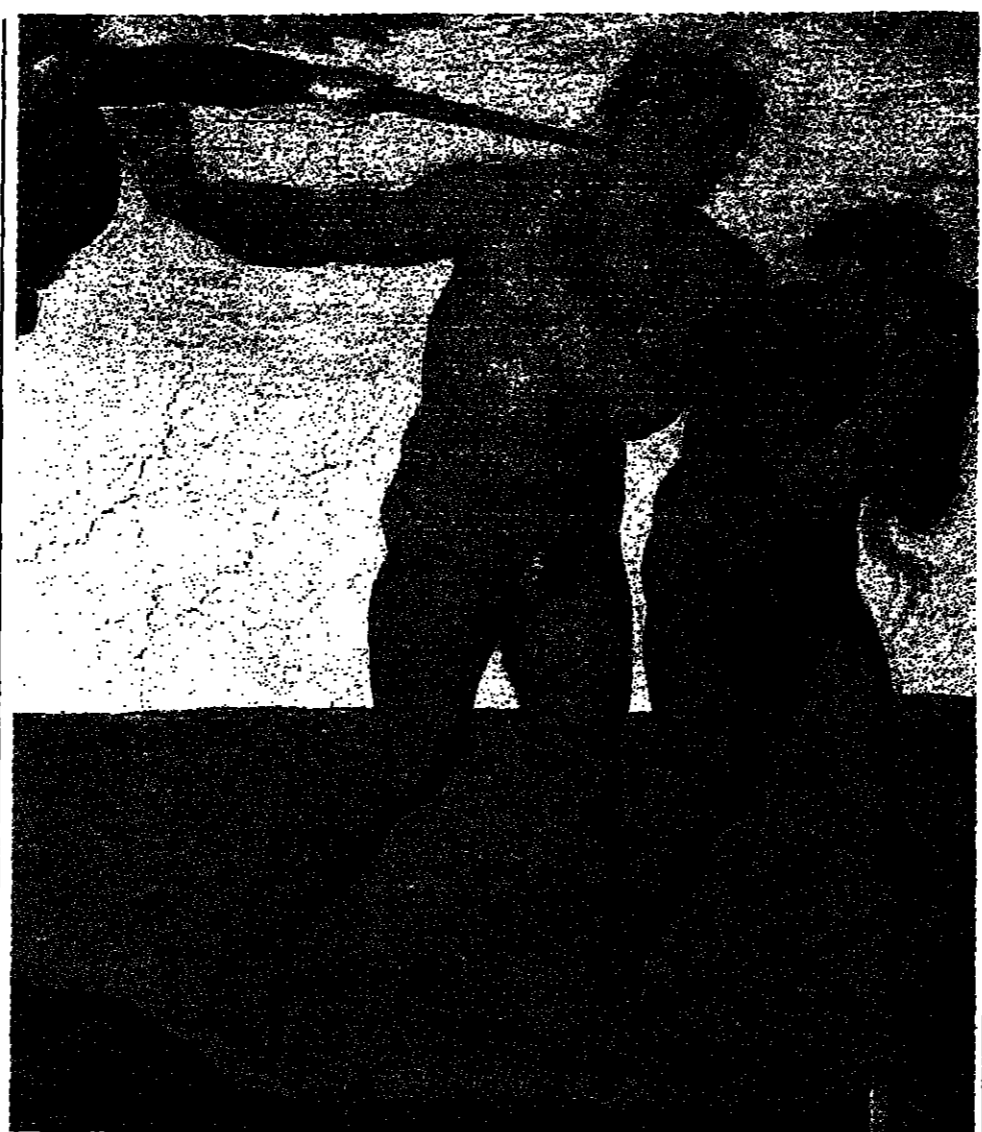
Scott's impressive Victorian palace in King Charles Street. One of the last of the dying breed of Fleet Street prima donnas, Dickie, habitually sporting a carnation even in the desert, can claim to have covered most of the major international events and conferences of the last 30 years. He has liberally drawn on his long experience, complemented by as many as 150 interviews with senior diplomats, international civil servants and politicians, in his book, *Inside the Foreign Office*.

This is a painstaking and thoroughly researched study of both the way the FO works, the personalities and policies of the Foreign Secretaries who have led it, from Lord Home to Mr Douglas Hurd, and some of the most dramatic events in which they and their officials were the leading actors, the work highlights both the department's strengths and weaknesses.

In particular, Dickie tempers his admiration for the intellectual brilliance of some of the most outstanding mandarins of the period covered - Sir Nicholas Fenn, Sir Michael Palmer, Sir David Hannay, Sir John Kerr, to name but a few of those earning a place in the author's hall of fame - with telling statistics underlining the restrictive nature of the FO's recruitment system. In spite of recent efforts to broaden the selection process, the great majority of candidates recommended for appointments in the Diplomatic Service - about 70 per cent over the last few years - still come from Oxford or Cambridge, while women continue to obtain no more than 30 per cent of the places, at the very most.

Without professing to be a political history of the 30-year period during which the author had a grandstand view of the conduct of British foreign policy, the book affords some illuminating insights into what happened behind the scenes of major events. The patience and dedication shown by Lord Carrington and his officials, including the present Ambassador to the US, Sir Robin Renwick, in negotiating against tremendous odds the Lancaster House agreement leading to the independence of Zimbabwe, is analysed in some detail, as is the same Foreign Secretary's failure to read the writing on the wall before the Argentine invasion of the Falklands.

As one would expect from a journalist, amusing anecdotes are not lacking about "the helmsmen" at the Foreign Office, but he never descends into caricature. Thus Lord



The newly cleaned 'Fall and Expulsion of Adam and Eve' by Michelangelo in the Sistine Chapel, Rome, taken from a new, illustrated book by Robin Richmond 'Michelangelo and the Creation of the Sistine Chapel' (Barrie & Jenkins, £18.99)

Home, whose nomination as Foreign Secretary in 1960 by Harold Macmillan was described by the *Daily Mirror* as "the most reckless political appointment since the Roman Emperor Caligula made his favourite horse a consul," is shown to be a particularly tough and effective negotiator with the Russians, as demonstrated by his expulsion of 105 suspected Soviet agents. Neither is George Brown's often intemperate behaviour allowed to distort the picture of a Foreign Secretary wholeheartedly dedicated to getting Britain into the European Community.

The much-publicised conflicts between the Foreign Office and 10 Downing Street during Margaret Thatcher's last years of office are put in their proper historical perspective. The author stresses that this phenomenon is nothing new. Churchill dominated Eden at the Foreign Office, while he, in turn, did the same to Selwyn Lloyd. Wilson did not hesitate to take over foreign policy in spite of the resentment of his Foreign Secretary Michael Stewart and George Brown. But at the end of the day, even Mrs Thatcher surrounded herself with Foreign Office mandarins as her close advisers, including, notably, her all-powerful private secretary, Charles Powell. She may not have liked the institution, but she certainly respected and liked its top of the range products.

Minor revelations, but they add up. So do the *travaux* in the text. Did you know that Zinnemann was an extra in *All Quiet on the Western Front*? That Harry Cohn once defined a documentary as "a picture without women"? That Joan Crawford was first choice for Deborah Kerr's saucy role in *From Here to Eternity*? That the Method-trained Rod Steiger unbalanced *Oklahoma!* in Zinnemann's view by acting too sympathetically as the pantomime villain Jud. That Zinnemann walked out on directing Hemingway's *The Old Man and the Sea* when the studio wanted to use a motor-driven dummy marlin?

Anecdotes. But the anecdotes work at recounting film history. They may also recount Fred Zinnemann's place in that history. Not because the author blows trumpets on his own behalf, his style is as self-effacing with pen as with camera. But Zinnemann's undervalued moral honesty, also as evident on page as on screen, looks more appealing as time moves on.

*High Noon*, his best film, was once the butt of right-wing ridicule for its syndicalist-socialist picture of a sheriff who needed - or thought he needed - his townspeople's aid to quash the incoming badies. Howard Hawks, outraged at this insult to the lonely hero of Western myth, made *Rio Bravo* as a riposte, a film in which John Wayne goes around town refusing people's help. But today, like all Zinnemann's best work, *High Noon* has the simplicity and integrity of great realism. It is the film of a man who grew up knowing tyranny, in an Austria that was a Nazi state.

**FRED ZINNEMANN: AN AUTOBIOGRAPHY**  
by Fred Zinnemann  
Bloomsbury £25, 254 pages

**LIFE IS TOO SHORT**  
by Mickey Rooney  
Hutchinson £16.99, 367 pages

**NO MINOR CHORDS**  
by Andre Previn  
Doubleday £14.99, 148 pages

**CRONENBERG ON CRONENBERG**  
edited by Chris Rodley  
Faber £12.99, 190 pages

tristia threatened with Nazism, and who learned that popular entertainment could be as potent a weapon as any in fighting it.

The "Why do we buy?" test applied to Mickey Rooney's *Life Is Too Short* gets a different answer. Yes, here is cinema history re-mapped. We have candid pal's-eye glimpses of Judy Garland, Ava Gardner (first wife), Frank Sinatra (first wife's third husband) and others in that incestuous Hollywood we call Hollywood. But no, this autobiography tells us nothing about Rooney himself except that being Irish he will talk you into the floorboards.

The writing style is out of another Mickey (Spillane) by the *News of the World*. "Cannons exploded in my brain. When the cannons stopped, I leaped over and embraced Ava. I moved my lips close to hers and then, for the first time, she

opened her mouth to mine and we tasted each other. I explored her mouth and she explored mine. Our passion grew..."

Soon with one bound they are tearing off each other's filmy garments and declaring eternal love. The marriage lasted just under a year. Why do we buy this book? Because beneath the catchpenny style and revolving-door romances there are peer-group glimpses of the famous or fascinating - Gable, Chaplin, Astaire, the young Elizabeth Taylor - that we will find nowhere else.

Andre Previn's *No Minor Chords* needs no cine-archaeologist's reason to read. This portrait of the artist as a young man (Previn was a composer 1943-1964) is mischievously entertaining. Previn, who bears a physical resemblance to a mouse in search of high-quality cheese, knows a tasty story too. As in Rooney's book, everyone in and around Hollywood seems to connect up with everyone else.

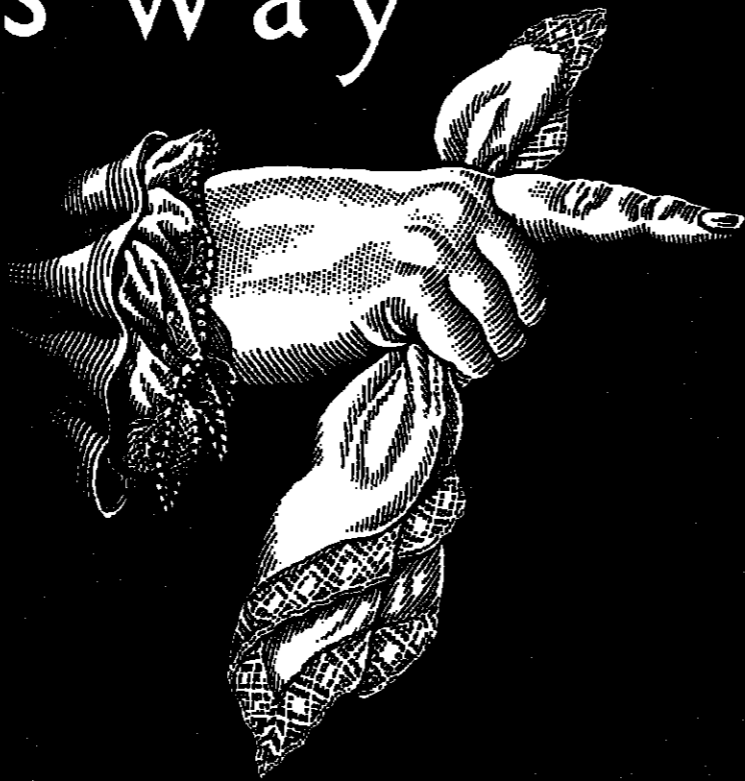
Here are L.B. Mayer trashing Jascha Heifetz ("He shouldn't play pieces no one's ever heard of") he grumbles after hearing the Sistine Choir Concerto at the Hollywood Bowl; the penny-pinching Heifetz himself holding a yard sale of the gifts he has received on concert tours; Heifetz's friend Arnold Schoenberg all but setting the dog on Previn after being beaten by him; Plus Sam Goldwyn delivering Goldwynisms, art connoisseur Billy Wilder being chastised by his wife for buying Egon Schiele's ("Good God, Billy, just once can't you buy a landscape") and Vincente Minnelli having a peacock poked in the behind so it will fan its tail for a crucial scene in *Gigi*. All human life, and more.

It is a far cry from the cerebral memoirs of scream specialist David Cronenberg. In *Cronenberg On Cronenberg* the director of *The Fly*, *Dead Ringers* and the forthcoming *Naked Lunch* talks about the art of horror, the horror of art (in his native Canada) and the reason why it does us good to contemplate murder, mutilation and mutation. Why should you buy this book? Because it shows that "down-market" movie genres can sometimes be explored and enriched by an up-market movie intelligence.

Nigel Andrews

# PAVAROTTI

## this way



# O

Such is the appeal of the world's greatest tenor, Luciano Pavarotti, that his charisma and, of course, his virtuosity, have made him a group of people even beyond the tickets to one of his concerts, more than facing the high cost of the tickets.

Unless the tickets are given away, tickets to his last concert this year reserved for American Express Gold Card members.

or the still rarer tickets to his concert with the Malvern Festival, the Gold Card Entertainment Society score. Seats are limited, and there is no indication, the reservation is predictable.

Which is more than we can say for the weather. So this time, the concert inside the Sheffield Arena.

Presented by Three Nations and the Malvern Festival, tickets to the Gold Card Entertainment Society are subject to availability. To apply for the Gold Card, call 0114 271 1111.



## ARTS

Off the wall/Antony Thorncroft

## Home sweet home

FORGET GALAS at the Garden, or exclusive parties at Glyndebourne: the latest buzz in arts sponsorship is decidedly populist. BT and Mobil have just launched on to the market tours of two of the oldest warhorses in the theatrical repertoire, Agatha Christie's *Witness for the Prosecution* and Brandon Thomas's *Charley's Aunt*.

The companies are not Angels; they are not so silly as to invest in either play. Instead they are giving £100,000 (plus in Mobil's case another £100,000 to spread the promotional word) to independent producers for the joy of being associated with the projects - and to ensure that they succeed.

Touring is a very expensive and risky business these days with the result that theatre-goers outside London rarely get to see a play with more than one set and a handful of actors. *Witness*, which boasts a cast of 22 (including prominent TV names like John Barron and Prunella Gee) and two sets, has not been on the road for almost two decades, while *Charley's Aunt* travels with ten players, including Frank Windsor and Gabriella Drake, and three sets. They are penetrating to places which have not seen such extravagance for years.

Witness in particular is an heroic venture, on the road for over 40 weeks rather than the usual 12, and playing theatres in Inverness, Lincoln, and the like. Some are so small that producer Charles Vance reckons he would lose £9,000 even with every seat sold. The BT money makes it feasible. Both companies will use the plays for some gentle local hospital visits, but the main thrust is to prove to employees, who will receive discounted tickets, and shareholders, that sponsoring the arts is not an elitist indulgence for the directors but a joy for all.

For BT the switch is particularly pointed. Until this year the plays it progressed throughout the land were by Shakespeare and were performed by the RSC. The RSC is still looking for an alternative sponsor with £185,000 to finance its threatened small venue regional tour of *Richard III*.

Stall-Moss seemed happy this week with the £12.8m it got from selling its freehold of the Coliseum to its tenants, English National Opera. It reckoned that its chances of getting a worthwhile increase in the £350,000 annual rent after the expiry of the ENO lease in 1996 were low, and that the outcry that would have followed the eviction of the company, and the challenge of finding another tenant for a huge, listed, national treasure, were frightening.

Anyway, Janet Holmes a Court, the Australian who owns Stall-Moss since the death of her husband, is a theatrical groupie, sympathetic to the future of the ENO. At the moment her artistic and financial interests go nicely hand in hand. The West End is riding the recession fairly well and January was the best ever month financially for Stall-Moss. There is no intention of selling off any of the eleven theatres left in the group. Indeed the hunt is on for new purchases.

This is proving a pleasantly traumatic month for the ENO. Last week it announced "Visions and Voices". Its attempt to get pop composers to develop along operatic lines. Last Tuesday it received its freehold. And on Thursday it

announced Almeida Opera, a co-venture with the Almeida Theatre. This is a July festival of two contemporary operas, one with music by Nigel Osborne and words by Howard Barker, based on the life of Goya, and another, *Mario and the Magician* by Stephen Oliver, which has been waiting some time for a British premiere.

This is a happy event for both companies. The Almeida received some rare criticism last year when it axed its contemporary music festival - it can now satisfy this select audience - while the Contemporary Opera Studio at the ENO has largely been confined to weekend workshops in rural retreats; it now gets a London showcase. If the response is good these small scale operas will tour the country and ease the international arts festival circuit.

It will be nice if they have some future since the 19-day event is costing over £300,000. The fact that contemporary composers are prepared to labour long to create works with such a limited guaranteed life span underlines their poor job opportunities. As things are the festival is still not fully funded. It is looking for a donor with £50,000 to make possible the planned production of *Mary of Egypt*, with music by John Tavener and words by Mother Thekla. Mother Thekla is the abbess of a Yorkshire monastery and has become the favoured lyricist for Tavener, who now concentrates on religious music.

With such a flood of announcements ENO has cancelled the big annual event scheduled for next week - the disclosure of its financial statement and plans for the coming year. Director Peter Jonas expects to show a profit on a difficult year. There is also a good chance that he will make life even harder for Covent Garden by using the money the ENO saves on paying rent to reduce ticket prices.

Stall-Moss seemed happy with the £12.8m for the Coliseum



Commissioned from the Aborigines: Stephen Albert in Jack Davis' 'Wahngin Country'

## Perth keeps its cool

Antony Thorncroft enjoys a laid back festival down under

streets like mechanical zombies dressed only in fluorescent body paint. For their performance in a shopping mall they donned each other in colourful blanchange. Congenitally impervious to this kind of thing, I admit to a frisson of excitement as the most virginal of brides, polyvinyl white to the tip of her bouquet, stood motionless in a cage while her liked lover poured colourful sledge all over her from above. In Adelaide the city lived up to its Methodist roots by arresting two members of Ilotopie for immodesty.

Even *Cementville*, performed by the Actors Theatre of Louisville, failed to shake Perth's good nature. This began sleazy and became progressively more squalid. Four women wrestlers slump into their rat infested locker room in *Cementville*, Tennessee, which is a dead ringer for Pittsfield, Arizona. One has problems with drink; one with money; one with girl

friends. The other is black, a big enough problem in Tennessee. None has problems talking dirty. There is something irresistibly visual about plays featuring women wrestlers. Think of *Traveller* and *Traveller*. But there the actresses were ring wise; this bunch were unconvincing experts in the head butt or the half nelson.

Writer Jane Martin enthusiastically throws in schlock after schlock, notably the Knockout Sisters, a tag team of druggies called in as crowd pleasers, whose mother herds them into the ring shouting "Do it for the white trash". What with a bitten off penis; a crushed pet dog; shootings and stripes; drugs and dementia, *Cementville* has all the charm and delicacy of cock fighting in the back of beyond. And yet... it has a certain hysterical vivacity and with more confident actors would travel well.

Australians are currently

racked with guilt at the treatment of the Aboriginal peoples. There is one positive result - every encouragement is given to Aboriginal artists to reach an audience. The Perth based Black Swan Theatre asked one Aboriginal, Jack Davis, to write a loosely autobiographical play which is performed by another, Stephen Albert, and directed by a third, Andrew Ross.

*Wahngin Country*, which translates as "Talking Country", offers the insights of an Aboriginal vagrant. We meet him, literally, first waking up in the bushes in the campus of the University of West Australia and then follow him across his lawns to the beach where he passes the day. This is a monologue of the half life of the urbanised, culturally bereft, black man, accompanied by a plaintive didgeridoo. The trouble is that such a life is necessarily boring. His best friends, as he points out, are

Johnny Walker, Jack Daniel and Jim Beam, his adventures as limited as his possibilities. Occasionally Davis allows his character to break into poetry and then you can catch the folk memories of a lost race. But *Wahngin Country* never quite becomes drama, staying quite interesting diversion on a warm Australian night.

On a modest budget, Perth provides a leisurely, civilised, arts festival. It loses some vivacity by hiving off its fringe. Artrage, to another part of the year, and although it makes obvious financial sense to share overseas arts troupes with Adelaide - 16 events featured at both festivals - it lessens its impact. But then Perth is quite happy to be the city apart, looking geographically and economically towards South-east Asia rather than the Pacific, certain that its well mannered rhythms of life are far preferable to the gaudy frenzy of distant Sydney.

## Screen

## From Diner to Buggy

CONSIDER THIS American career story. A man starts out writing sketches for comedy shows on local TV. He graduates to scripting for Mel Brooks and gets to stab Mr Brooks in the shower in a cameo role in *High Anxiety*. He turns director with a cult teenage-recall film called *Diner*. He follows with two giant box-office hits called *Good Morning Vietnam* and *Rain Man*. He turns round and makes a tiny autobiographical film, *Awaken*. He then turns round again and summons ten Oscar nominations with a big-budget, Warren Beatty-starring gangster film called *Bugsy*.

That Barry Levinson, in both career and habits, is a real unto himself is clear from his office at 20th Century Fox: lots of friendly chatter, plastic coffee-cups and a tumbled Mr L who eats out of take-away Chinese cartons. Levinson - I met him before *Bugsy* had opened, let alone won a Golden Globe and Critics Prize for Best Film of 1991 - gives the impression of running a cottage industry. But as a filmmaker he is more and more fascinated by the way humble human values are corrupted by dwarfing ambitions or cultural tyrannies. *Awaken* was about the curse of TV on postwar family life. *Rain Man* was about the potential curse of a yuppie's greed on an autistic brother. And the potent black-comedy elements in *Bugsy* come from the inner clash between Siegel's vestigial sense of charm and innocence and his giant streak of malevolent ambition.

"What fascinated me is, here was a gangster who wanted to be a film star, who used glamour to disguise his more sociopathic behaviour. I'd always seen gangsters as East Coast overcoats, bats, the Godfather look. I'd never seen a 'Hollywood' gangster before, a man who needed that finance and facade Siegel wanted to be an actor. But he failed, so he became another kind of star. He built the Flamingo Hotel,

which was the foundation worse of Las Vegas, and he took the Hollywood glamour to the desert where he played host to the entertainers. But he doesn't like the film itself, especially in presenting Siegel in the ladykilling form of Warren Beatty, risk glamorising evil? "No, I don't think so. The danger is that society itself allows these men to exist. A killer doesn't walk around a party looking like a killer. He

Nigel Andrews talks to film director Barry Levinson

can be handsome, debonaire, the fact that he is among us and unobserved is what's frightening."

So is the volatile performance the director has coaxed from Warren Beatty. Typically of a Levinson film *Bugsy* itself is as mixed-mood as its main character. "If it works, it's because we've totally broken up the gangster genre. We're more humorous, more romantic, but along with that there's a darker side. It might offend some people who think 'Oh you can only be a comedy or a romance or a thriller'. We're all of those things."

*Bugsy*, Oscars regardless, has paid for its sophistication at the box office. But then Levinson, with a few lapses, has consistently seemed more interested in selling truth than in selling tickets. Even when sucked into the rubbish zone, as with *Young Sherlock Holmes* or the more empty-headed parts of *The Natural* and *Good Morning Vietnam*, he has struggled out again and tried to renew his identity. His Baltimore trilogy - *Diner*, *Tie Me Up*, *Awaken* - is a unique attempt by a high-profile American director to make a plain-spoken movie series about his own home town.

The big films help to finance

the small. "There's nothing worse to a studio than a director saying 'I want to do a personal film.' It's almost offensive to them. So, by doing a *Rain Man*, it lets you do an *Awaken*." And *Awaken* is all about the kind of processed thinking that mass entertainment encourages and that the studios, Levinson implies, subscribe to.

"The key to that piece was television. TV, I believe, has had an effect we cannot yet understand, in undermining families and all kinds of values. I remember the TV coming into my family's house, all wrapped up like a wonderful gift, and everybody gathered round. I remember visiting my grandfather, he was all alone with the TV on in the background and I thought, 'There is a story here.' An entire sense of communal living has disappeared. People start having their trays in front of the TV; the family dinner, that kind of togetherness, becomes a thing of the past."

The curse of television doesn't stop with the family. "Because of TV today we want to understand everything instantly or we want nothing to do with it. Take advertising. You have to sell your movie in a 30-second slot. How do you

do it? You can't. So you simplify and coarsen what it's about. I have a fear we will end up with an age of *Batmans* and *Terminators* and whatever else is high, high concept. I think we're seeing the death of complexity when films like, say, *Treasure of the Sierra Madre* won't get made any more.

"People have been brainwashed to want great simplicity. How else do you explain that here in America in the 1990s abortion is a major political issue? When there are so many world concerns - famines, wars, economic crises - we're hammering away at abortion. It's because it's an emotional, quick issue and everyone can take sides about it. It's the TV culture. Everything has to march to the signal and tempo it sets."

The same hatred of pre-fabricated ideas and rhythms influenced his direction of *Rain Man*. Inheriting the project from Spielberg, who had worked on it for months but was then obliged to go and make *Indiana Jones 3*, Levinson risked studio odium by throwing out much of the stuff his predecessor had left behind.

"The biggest change was getting rid of the adventure elements. Chases, fights, I said,



Warren Beatty in 'Bugsy': a volatile performance

"Let's just have two guys on the road. There's no medieval, Charlie, who's got a soft centre. And Raymond, the immovable autistic. Let's have the con man try to con the guy who can't be reached. At some point he, Charlie, will have to turn back on himself because the other guy won't respond. It's like hitting a bat at a wall. So that was what we did. Made it a character study, pure and simple."

Which is what at heart *Bugsy* is. The question is: what sort of character? I'm still preoccupied with the glamorous gangster question. *Bugsy* is part of a flood of Mafia and

mobster films issuing from Hollywood during the last few months. What is the attraction? And what does the phenomenon tell us about the world or America itself?

"We are this young country," answers Levinson after a pause, "with no history. We didn't have kings or queens. We didn't have King Arthur. So we've invented our own mythology, which has become part of the genres we work. It may be part of our sick society that we keep dredging up this criminal past. But there is a fascination. Maybe we have to know ourselves thoroughly before we can cure ourselves."

## Strong on the Renaissance

Nicholas Powell sums up the mood at the Maastricht Art Fair

WITH attendance up by 20 per cent on 1991 and business reportedly well in excess of last year, the week-long Maastricht European Fine Art Fair should bring some continental economic cheer to its 31 British participants by the time it closes tomorrow evening.

The show has been attended by 144 dealers from ten countries. Buyers were mostly Belgian, Dutch and German, along with some Italians and Spaniards. Highly specialised art collectors came from as far afield as the US, Japan and Hong Kong; dealer Edward R. Lubin from New York, specialising in Renaissance works of art, said he had chosen Maastricht as opposed to the more ostentatious Paris Biennale antique venue, for precisely that reason.

Curators were busy buying, too. During the first 48 hours of the fair, the Antwerp gallery, J. Zeberg, sold a 15th century Nottingham alabaster sculpture and a magnificent Fontainebleau walnut cabinet, c 1580, to European museums. This year, Maastricht sported a new jewellery department grouping the world's four

biggest firms, in which the brightest sparkles came from Harry Winston's shamelessly camp lifestyle pair of Judy Garland's ruby slippers. There was real art in the fair's other section, "Gravura", comprising five stands devoted to works on paper and books. Siegfried Billesberger, from Munich, had brought along extremely fine German and Italian drawings and rapidly sold a Van Gogh pencil sketch to a Spanish collector for a hefty DM200,000.

Wolsley Fine Arts from London fielded an attractive choice of late 19th century and early 20th century French drawings. Maastricht's Textura section, the biggest and best quality concentration of textile dealers anywhere in the world, this year housed Renaissance specialist Bernard Blondeel from Antwerp, selling among others a pair of late 16th century Mille Fleurs tapestries from Bruges for £800,000.

Maastricht remains unaccountably afflicted with poor quality contemporary art stands, and there is still little furniture to be seen. Prinz und Moeller from Hamburg, however, had lots of very glossy Biedermeier and Gloriosa shirazi dealer, Michael Golding of Huntingdon Antiques, is

showing an outstanding selection of late medieval and renaissance English furniture, which British museums would, presumably, kill for, if they had any money.

Old Master paintings and drawings, occupying roughly half the stands in the fair, remain very much the hallmark of Maastricht, and there are some great and unusual works poking through the acres of Dutch tulips in vases and merry-making Flemish peasants. The London firm, P & D Colaghi, returned to Maastricht after missing last year with a poignant and exquisitely coloured Holy Family by Hendrick Bloemaert, signed and dated 1635, which sold to a private collector within hours of the opening. Galerie d'Arenberg from Brussels were on the look-out for sellers as much as for buyers, and had ideal museum material to hand with a "Noli me tangere" by Janssens Wildens, c 1620 for BFR10m and a Virgin and Child by 17th century French painter Simon Vouet for BFR22m.

Other dealers had trimmed their sails to suit a North European clientele. Galerie de la Scala from Paris brought Dutch drawings and two

extraordinary paintings - Saint Gregory by the 17th century Dutch artist, Matthias Stomer, at BFR2m and a very rare 17th century work by Jacob Cuyp, better known for his portraits of two leopards (entitled "Two Tigers") for BFR3m.

There were exceptional art objects on display, too. Galerie Neuse from Bremen showed Augsburg silver and beautifully fine South German baroque ivory sculptures. Axel Vervoodt, who deals from his own castle near Antwerp, made his booth into a sort of "wunderkammer," lining it with 18th century French bookshelves laden with an eclectic choice of objects and 18th century silver.

Old Masters dealer Richard Green from London, who has shown at Maastricht since 1972, sold six paintings this year. He said trading for art up to \$0.5m was no problem. It was proving less easy up to \$1m and tricky above that figure, he said. "The quality is excellent. This is a top fair, which lives up to its expectations. It's not only what we sell that counts. It's the aftermath, the ongoing interest, the deals that happen afterwards which are important."

## Radio

## Politician from another era

NEWS AND commentaries on the rival manifestos and so on are properly dealt with daily on other pages; but Radio 4's *The Politics of Choice*, presented by Robin Lustig on Tuesdays and Saturdays, is different. It guarantees that no active politicians will take part. The idea is to hear from a democratic sample of voters what matters they think important, then try them out on a panel of non-political experts. The producer is to banish "the spokesmen, the spin-doctors and the sound-bites" altogether and evaluate each question on commonsense rather than political conviction, a novel form of election coverage. Circumstances kept me from Tuesday's debut, but there is over a fortnight's more campaigning yet.

It was a pleasure last night to turn to a politician of another time and another country in Radio 3's *Malraux - the Man and the Mask*. To be Minister of Culture under de Gaulle may not at this moment seem an outstanding political fulfilment; but Malraux's promulgation of music and theatre, even his splendid campaign for the cleaning of public buildings, are achievements any such minister might be proud of. (If only he could be on a *Politics of Choice* panel!) Both in his own original work and in his criticism of others, he attracted mistrust as well as admiration, but he was a provocative figure either way, a sort of French blend of Michael Heseltine with Graham Greene. Richard Maynes's profile, in which he included the voices of many contemporaries, as well as Malraux's own brisk talk, was as stimulating as its subject.

"I found Shakespeare extremely easy," Janet Suzman said to Sue MacGregor in last week's *Conversation Piece* (Radio 4, Sunday). "In Shakespeare you're not playing sitcom characters, they're much larger than you are." Miss Suzman, who graduated from Johannesburg to the RSC, said other, wiser things, and I hope her feelings for the South African theatre will have survived

Tuesday's vote. But there was better talk about Shakespeare in Radio 3's *Replay* on Sunday, an interview with Tyrone Guthrie recorded in 1964. Sir Tyrone went from memories of Ben Greet to his twelve years at the Old Vic. If I had a bigger house, I'd have a library of *Replay* tapes. This week's *Conversation Piece* was with a lady Detective Chief Inspector. I wouldn't collect those.

I did not care for Louis McNeice's Columbus play last month, nor did I much like Craig Warner's *A Sense of Things Moving Forward* (Radio 4, Sunday), which covers some of the same ground. Warner's arrogant Colon (Columbus to us) regards his new lands chiefly as a source of gold, which is in fact lacking. He sends Queen Isabella a cargo of 500 brown slaves instead; they die on the trip, he is said. But the Pope takes his side. In his new territories, such as hanging Torres, the linguist who could not teach the natives how to conjugate irregular verbs, and allowing natives to die from their execution unbaptised. The Queen forgives him on his deathbed. There is a fanciful element in the writing, that takes in ghosts and dreams. Andy Jordan directed; he was lucky to have Ben Kingsley as his Colon, and I imagine that Frances Barber's curious screaming Queen must have been a directorial epiphany.

Wally K. Daly's *The Broken Butterfly* (Radio 4, Saturday) was the sequel to his *Butterflies Don't Count*, which I mentioned last week, but it didn't make it clearer. The murderer who had confessed and been refused absolution had been convicted, then escaped from gaol. Sure that the priest had shopped him, he resolved to kill him, killing having become part of his political life. The story, with an IRA background, was rousing, but sometimes too black-and-white. It did indeed end with a shooting in a confessional, but not the shooting of the priest. David Hutchinson directed both plays.

B.A. Young

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## ART GALLERIES

R. BAWDEN, D. JONES, J. NASH, R. PALMER, G. SUTHERLAND, *Dreamers of Landscapes*, until 7th April, at BOWEN Gallery, 10 Rivington Rd, Harley, Close Tel: 0491 578228.

MARLBOROUGH & ALBEMARLE Street, London W1 ANORCE JACKSON Paintings 1982 to 1985, 20 March - 23 April 1992 Mon-Fri 10-6.30 Sat 10-12.30, Tel: 071 652 5191

THE MUSIC GALLERY 7 Grafton Street, London W1 4DZ 8075 Contemporary Portraits Society - 30th Anniversary Exhibition 20th March - 2nd April, Monday-Friday 9-5.30

FOR SALE: L. S. Lowry paintings. Previous owner 'ELTON JOHN' Principles to view 025 952227



## TELEVISION

## SATURDAY

BBC1	BBC2	LWT	CHANNEL4	REGIONS
6.25 Open University. 7.25 News. 7.30 Crystal Tapes and Afloat. 7.35 Bang. 7.45 Bravely. 8.00 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!	6.40 Open University.	6.00 TV-am. 8.25 Motormouth. 11.30 Zorro. 12.00 The ITV Chart Show.	6.00 Early Morning. 9.30 Dazzling World: Euro signs on the Tynes. 10.00 Our Olympics. 10.30 Film: Great Guns. 11.50 Gustav Looks for a Job. 12.00 Get Smart. 12.25 pm The Beverly Hills.	ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:- ANGLIA: 11.30 The Munters Today. 1.05 Anglia News. 1.55 The A-Team. 2.50 Cartoon Time. 3.05 Carry On Cruising. 1962-63 Anglia News and Sport. 5.15 Cartoon Time. 10.55 One to One.
12.12 Weather.	3.00 Mahabharat. (English subtitles).	1.00 LWT News: Weather.	1.00 Film: Phil: Divorced couple try to find out what they've been missing. Comedy, starring Jack Lemmon and Judy Holiday (1994).	1.05 Border News. 1.55 European Gals. 2.50 Out of Limits. 2.40 Woman of Straw (1964). 3.05 Border News and Weather. 5.15 Cartoon Time. 10.55 Men. 11.50 Murder One. (TVM 1989).
12.15 Grandstand. Introduced by Steve Rider. 12.20 Rugby Union Preview. 12.25 Racing from Newbury. At 12.30 The Mitsubishi Shogun Trophy. 12.40 Rugby Union/Football. Previewing this afternoon's rugby matches, and reviewing the FA Cup quarter-final replays. 12.55 News. 1.00 Racing. At 1.05 The Highland Spring Handicap. 1.15 Rugby Union/Football. 1.35 Racing. At 1.40 The West Coast Panaceo EBF Novices Hurdle. 1.50 Rugby Union: Live coverage of the Five Nations Championship match between Wales and Scotland, with commentary by Bill McLaren and Phil Bennett. Plus, highlights of France v Ireland. 4.15 Athletics: World Cross-Country Championships from Boston. Liz McColgan runs for Britain. 4.40 Final Score. Times may vary.	3.40 Film: My Little Chickadee. Vintage comedy, with WC Fields and Mae West humming it up in the Old West. Together they unmask a small-time villain (1940).	1.05 LWT News: Weather.	2.25 Sense of Responsibility. Cartoon.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
5.05 News.	5.00 Athletics. Live coverage of the men's World Cross-Country Championships. Plus, highlights of the women's race where Liz McColgan strives to add to her impressive season's achievements. The action comes from Boston, USA.	1.55 The Day.	2.45 The Day.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
5.20 Regional News and Sport.	6.25 Late Again. Selection of highlights from last week's editions of The Late Show.	2.00 Tournament of Champions. Former Olympic Champions in head-to-head club competitions with prize money totalling £150,000.	5.05 6.30 Right to Reply. Claire Rayner's reaction to criticism of her role in a sanitary towel advert.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
5.50 Big Break. Jim Davidson is joined by snooker stars Mike Hallett, Tony Drago and Dennis Taylor.	7.10 News and Sport: Weather.	2.54 Open Mediterranean Golf 1992. Ian Woosnam defends the championship he won in France last year.	7.00 A Week in Politics. Vincent Hanna and Andrew Rawnsley look back at the first full week of the election campaign, including interviews with representatives from the three main parties. Plus, a look at the political career of Michael Foot, who retired at the election, the last of the 1945 intake to leave the House of Commons.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
6.30 Wolf's House Party.	7.25 Fine Cut: Forest of Bliss. Robert Gardner presents his view of the Great Crematorium Ground at Benares, India, where priests perform age-old rituals - cremating the corpses of devout Hindus and scattering the ashes on the sacred River Ganges.	3.35 Film: Dandy Nightshade. Starring Emrys Jones (1953).	8.05 On the Beach. Popular and dramatic about three people on the run in occupied France. Noted for having five lines of dialogue. Peter Barkworth, Alfred Lynch and Brian Cox star.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
7.10 Film: Barbarians Not Included. An unscrupulous landlord sends thugs to clear the last tenants from a crumbling building, but the residents get help from a unlikely source - a pair of mischievous aliens. Starring Hume Cronyn, Jessica Tandy and Frank McRae (1987).	8.55 News and Sport: Weather.	4.43 Results Service.	10.20 The Big Shot. Ill-fated villain has trouble with women and friends. Gangster movie, starring Humphrey Bogart. Part of the Public Enemy season (1942).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
10.20 That's Life!	9.25 Moon and Son. Stolen diamonds and a French Legionnaire cause problems for the Moons. Millicent Martin and John Mills star.	4.50 LWT News: Weather.	1.55 The Word.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
11.45 Film: Nothing But the Night. The trustees of an orphanage die in mysterious circumstances, and the orphans themselves are thought to be responsible - but the cause is far more sinister. Starring Christopher Lee and Peter Cushing (1975).	11.00 Gutter Legends - Rock Concept Night. Fourteen concert from Seattle's Grunge scene. Featuring a stylistic mixture of guitarists including Robbie Robertson, Roger McGuinn, Richard Thompson and Roger Waters. Plus, an appearance by Les Paul, virtual inventor of the electric guitar.	9.00 The Emperor. First of two parts. Gripping World War Two drama centring on a woman's POW camp in Japan. Female exiles, caught during the fall of Singapore in 1942, fight to survive the merciless brutality of their captors. True story, starring Annabel Gibb, Gene Rowlands and John Wood.	2.55 Close.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
1.05 Weather.	12.35 Close.	10.05 Aspel and Company. Warren Beatty drops in to chat about his new film, Bugsy, and his latest role - as a father.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
1.10 Close.		10.55 Metro. Ian Drury goes behind the scenes at London's Coliseum theatre and looks at the London performance club scene. With music by Tori Amos and Nana Vasconcelos.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).

## SUNDAY

BBC1	BBC2	LWT	CHANNEL4	REGIONS
6.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Looking for God - Through Prayer. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Show Extra. 11.00 Business Matters. 11.30 Work is a Four-Letter Word.	6.45 Open University. 12.00 Around Westminster.	6.00 TV-am. 8.25 Fluffy Dogs. 10.30 The Littlest Hobo. 10.45 Link. 11.00 Meditations. 12.00 Visions. 12.30 pm LWT News Weekend; Weather.	6.00 Early Morning. 9.25 The Sword of Tipu Sultan. (English subtitles). 10.00 Dispatches (repeat of last Wednesday's programme). 11.00 D'Art. 11.30 Flipper. 12.00 Little House on the Prairie.	ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:- ANGLIA: 12.55 Gulls. 12.55 Anglia News. 2.00 The Spectacular World of Guinness Records. 2.25 Highway to Heaven. 5.30 The World Skill Olympics. 6.35 Anglia News.
12.00 Beazley.	12.30 Countryfile.	1.00 LWT News: Weather.	1.00 Voyage to the Bottom of the Sea.	1.05 Border News. 1.55 European Gals. 2.50 Out of Limits. 2.40 Woman of Straw (1964). 3.05 Border News and Weather. 5.15 Cartoon Time. 10.55 Men. 11.50 Murder One. (TVM 1989).
12.05 Entertainment.	2.10 Made by Hand.	1.10 Walden. Interview with Prime Minister John Major.	2.00 Film: School for Scoundrels. A young mantraps on a course that specialises in 'one-upman' ship. Starring Alastair Sim and Terry-Thomas (1960).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
12.55 Weather for the Week Ahead.	2.25 Pelé and the World Cup. Debut of the great Pelé and his teammates in a vintage film with tragic consequences. Starring François Le Roux and Colette Alliot-Lugaz.	2.00 Sharp's Sunday. Including Battered and Bruised and highlights of WCW Pro Wrestling.	3.40 No Dry Run. (English subtitles).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
1.00 News. On the Record. Shadow Chancellor John Smith talks about Labour's economic policies and the second 'super poll' of floating voters.	5.00 Rugby Special. Highlights of Wales v Scotland, and France v Ireland. Chris Rea introduces the action as the Five Nations Championship reaches its conclusion.	2.50 Dinosaurs.	4.25 The Big Shot. Ill-fated villain has trouble with women and friends. Gangster movie, starring Humphrey Bogart. Part of the Public Enemy season (1942).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
2.00 EastEnders.	6.00 The Real McCoy (Compilation of highlights).	3.20 The Match. Arsenal v Leeds United, live from Highbury. Leeds continue their charge for the league title against last season's champions. Commentary by Alan Parry and Gary Lineker.	5.30 The Big Shot. Ill-fated villain has trouble with women and friends. Gangster movie, starring Humphrey Bogart. Part of the Public Enemy season (1942).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
3.00 Film: The 39 Steps. Second remake of Hitchcock's original thriller, starring Robert Powell as the debonair adventurer Richard Hannay. With Karen Dornick, John Mills and Timothy West (1976).	6.35 The Money Programme. Peter Jay challenges the Tory economic team of Norman Lamont and Peter Lilley to say why they believe their party can lead Britain out of recession.	5.30 The Money Programme. Peter Jay challenges the Tory economic team of Norman Lamont and Peter Lilley to say why they believe their party can lead Britain out of recession.	6.00 Press Gang. Continued from last week. Five hostages are held at gunpoint by a boy in a clown mask. Previously shown on ITV.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
4.40 Columbo.	7.15 The Natural World. What do ornithologists find so fascinating about birds? Such is their passion they will go to almost any lengths to track down and observe a single species. Martin Wainwright finds out why bird-lovers get into such a flap about their subject.	6.00 The Money Programme. Peter Jay challenges the Tory economic team of Norman Lamont and Peter Lilley to say why they believe their party can lead Britain out of recession.	6.30 The Wonder Years.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
5.50 The Clothes Show. Featuring a report on the womenswear collections of Paris and a visit to the Playtex underwear company.	8.05 Rembrandt. Schama. First of a two-part series on the celebrated artist. In masterpieces such as the Night Watch, he revolutionised whole genres of painting. Simon Schama claims Rembrandt's unique talent was to capture both public image and private thoughts in the Golden Age of modesty and magnificence.	6.30 LWT News: Weather.	7.00 Channel 4 News. Jon Snow presents this special edition from Edinburgh which includes a look at the election campaign in Scotland.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
6.15 Lifetime. Dena Vane Lynn appeals on behalf of the Young Person's Concert Foundation which helps aspiring musicians.	9.55 Screen Two: Law Lord. When a new Government takes power, the ambitious Home Secretary plans to bring the legal establishment into line. His plot rests on one figure - the Lord Chancellor. But has he chosen the right man for the job? Legal drama, written by John Cooper.	6.40 Highway. Sir Harry Secombe meets the people of Alderney, Sark and Herm.	8.00 Disabling World: Face of Our Fear. Steve Dworkin traces the events which led to disabled people being denied their rightful place in society.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
6.25 News.	11.25 Film: OC and Stiggs. Two teenagers realise by leading boring lives they will ultimately become blind people - unless they rebel (1985).	7.15 Forever Green. Freddy is determined to find out if the decline of wildlife in the river is due to Man or natural causes. John Alderton and Patsy Stone star.	9.30 Disabling World: Face of Our Fear. Steve Dworkin traces the events which led to disabled people being denied their rightful place in society.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
6.40 Village Praise. Pam Rhodes visits Grassington in the Yorkshire Dales to discover how strong religious traditions have helped build a community spirit.	1.10 Defi It. Rapido.	8.15 The British Academy Awards. The Princess Royal is the guest of honour as Michael Aspel hosts the 23rd ceremony, live from the Grosvenor House Hotel in London's West End. Stars nominated include Rowan Atkinson, Anthony Hopkins, Robert Lindsay, Patricia Routledge, Helen Mirren and Julie Walters.	10.30 Film: Dr Strangelove. A mad US general launches a nuclear attack on Russia. Classic black comedy, directed by Stanley Kubrick, starring, in all three main parts, Peter Sellers. Part of the Best Sellers season (1963).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
7.15 May to December.	1.45 Close.	11.00 LWT News: Weather.	12.25 Film: George Melly. Black and white film about the life of the jazz singer and pianist George Melly. Part of the World Cinema season (1989). (English subtitles).	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
7.45 Lovejoy. The local golf club closes ranks when Lovejoy identifies its pit cup as a fake.		11.15 LWT News: Weather.	1.55 Close.	1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
8.35 So Sweet Me!		12.00 The Day.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
9.05 Screening. The prospect of Ralph's return has a dramatic effect on Beatrice and Annie who have both had affairs with him in the past.		12.05 The Day.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
9.40 News and Weather.		12.30 The Day.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
10.05 Mastermind.		12.35 The Day.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
10.35 Heart of the Matter. Discussing marital loyalty and talking to ex-couples who parted through circumstances beyond their control. Should partners stay together when catastrophe strikes, or is it better to part? Joan Bakewell investigates.		1.00 Defi It. Rapido.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
11.10 The Voice Race.		1.45 Close.		1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
11.50 The Shadow. Secondary school teachers from Oxfordshire and Bordeaux explore different approaches to work on an exchange.				1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
12.00 Mahabharat. (English subtitles).				1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
1.00 Weather.				1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).
1.05 Close.				1.35 The Munters Today. 1.05 Central News. 1.55 Great Pines. 3.00 Day Crockett. (1959). 3.05 Central News. 5.15 Central Sports Extra. 5.25 Family Fortunes. 5.55 Baywatch. 5.00 Local Weather. 10.55 The Osterman Weekend. (1983).

## RADIO

## SATURDAY

<b>BBC RADIO 2</b> 6.00 Barbara Sturgeson, 8.05 Brian Matthew, 10.00 Sarah Kennedy, 12.00 Mark Wynter, 1.00 Educating Archie. 1.30 The News Headlines, 2.30 Ronnie Hilton, 3.00 Steve Race, 4.00 Bob Sinfield. 5.00 Cinema 2, 5.30 Singer at the Movies, 8.05 John Sachs presents Bucks Fizz in Concert, 7.00 On the Air, 7.30 Gilbert and Sullivan, 10.00 Easy Does It, 10.30 The Arts Programme, 12.30 John Mercer, 1.00 Andrew Lane, 4.00 Barbara Sturgeson.	12.00 News. 12.05 Close.  <b>BBC RADIO 4</b> 6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day, 7.00 News. 8.00 News. 9.05 Sport on 4, 9.30 Breakaway, 10.00 Loose Ends, 11.00 The Week in Westminster, 11.30 Europhilia, 12.00 Money Box, 12.25 The News Quiz, 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast, 2.00 Any Answers? 2.30 Saturday Playhouse, 4.00 Age To Go, 4.30 Science Now, 5.00 Conding The Earth, 5.25 Fourth Column, 5.50 Shipping Forecast, 6.00 News; Sports Round-Up, 6.25 Week Ending, 6.50 Stop the Week, 7.30 Kaseidocade, 7.30 Classic Series, 8.00 Conversation Piece, 9.25 Music in Mind, 9.50 Ten to Ten, 10.00 News, 10.15 Open Mind, 10.45 Just Do Your Best, 11.00 Richard Baker	Compare Notes: 11.30 Top Service, 12.00 News.  <b>BBC RADIO 5</b> 6.00 Newsweek. 6.30 Saturday Edition, 8.00 On Your Marks, 12.00 Sport On 4 Plus 1, 12.30 Sportsweek, 1.30 Sport On 5, 6.00 Sports Report, 6.30 Six-to-Six, 7.30 Top Top, 7.55 Around Worldwide, 10.15 On the Level, 12.00 Close, 12.35 Cricket World Cup.	CH 11 11 M 10 2 2 2 3 3 3 4 
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IN AN election campaign dominated by photo opportunities, sound bites, and staged and scripted interviews, it is refreshing to see a politician look shocked.

It happened last week to Tony Blair, Labour's shiny-faced employment spokesman. While in full spate advocating higher pensions for all, he was cut off at the knees by a softly-spoken working-class Welsh housewife: "I don't know why you want to give us all this extra money," she said. "We'll just go and spend it on a trip to Euro-Disneyland."

Mr Blair, whose features anyway have the robust consistency of a cartoon character, looked like Mickey Mouse would if Mini Mouse told him she was going off with Donald Duck. While the Labour party is quite prepared to argue

## Best laid plans of men and mice

Dominic Lawson on the significance of Disneyland for the British election

that tax cuts lead to underestable expenditure on pleasurable foreign imports, it had clearly never occurred to them that good working-class Welsh pensioners might perpetrate similar treachery.

But I have no doubt that the lady was right. Euro-Disney will syphon off more discretionary pounds, once it opens next month, than any competing English, or even Welsh, attraction. In 1988 I was invited by the Disney company to tour Disneyland in California, and Disneyworld in Florida. I think the occasion was Mickey's 60th birthday. To celebrate Disney executives had covered 320 acres of an Iowa cornfield with the image of Mickey Mouse's

head. They called it the "Little Mouse on the Prairie."

Meanwhile in California and Florida the executives who all wore Mickey Mouse watches showed me maps of Europe covered with concentric circles showing population densities, and average speeds of public and private travel. They somehow seemed to converge on a blob about 20 miles east of Paris.

"1992?" they said.

"How convenient," I trilled. "The year the Channel Tunnel opens."

"Oh really," they replied in a tone nicely mixing boredom and disbelief.

Well Mickey is on time, at least. It is hard to over-emphasise the

military precision with which the Disney company orders its affairs. And like the military, the greatest precision attaches to the tiniest details.

Four years ago, at the Disney University in California - yes, there is such a place - I stumbled across a document which governed the exact physical appearance to be adopted by employees. Under the section Women (Hair) it said: "Hair below shoulder-length should be worn combed away from the face so that it will not fall forward or over the face while performing normal job duties. Side tresses, if worn, should extend below the bottom of the ear lobe. If a yarn or

hair ribbon is worn it should be no wider than one-half inch or longer than four inches when tied. Stick-pin barrettes (both leather and plastic) and knitted chignon (bun) holders are not acceptable."

For EuroDisney everything has been thought of. The Disney employees dressed up as Mickey Mouse will not be allowed to ruffle the hair of little European children who come running up for affection. This is because Disney is concerned that one such child might be undergoing chemotherapy, and be wearing a wig.

Mickey will not have a tail. This stems from an incident eight years ago when a visitor to Disneyworld

in Florida pulled too insistently at Mickey's tail; Mickey picked the boy up and hurled him through the air. The parents took Mickey to court. No such incident will ever be allowed to break the monotony of perfection at Euro-Disney.

This perfect monotony is in fact the great US invention. In any other business it is simply called mass production. It is why the Heinz baked bean, the Kellogg cornflake, and, many years ago, the Ford motor car, conquered the world. The Disney company, with complete success, has applied the US principles of mass production to the appearance of human beings.

In this election campaign the party media managers are attempting to achieve the same standards of flawless, rehearsed consistency with their charges, the politicians. But unfortunately for them, the public want men, not mice.

■ Dominic Lawson is editor of *The Spectator*.

## All you need is doves

Michael Thompson-Noel



SOME journalists are paid good money to position themselves at the centre of affairs. News-sleuths or feature-hounds, they are expected to be where it is happening, to know what is happening, and to file copy that gleams with immediacy.

Then there are the rest of us, a band small in number - journalists such as me (still paid good money, very often better) who are supposed to hang back a bit, fossick at the margins, sleuth in dark corners, ask original questions, ponder and dwell, mull things over, make unexpected journeys, fly in small aircraft, throw frequent but fetching tantrums and filter all we see and hear through the silk-fine mesh of our experience and intellect.

It takes all sorts.

This week, for example, I have been nowhere near the hustings in Britain or America. Nothing so predictable. My game is far deeper, my quarry more obscure. For reasons I cannot go into (journalism is a jungle: brutish and predatory), I was briefly in Miami; then briefly in San Juan, then briefly in St Maarten, then briefly somewhere else. Now I am in Miami again. Or somewhere remarkably like it.

Rush, rush; scurry, scurry. But I have had odd moments to myself, most of which I have spent delving into a collection of the writings of E B White: wise and witty pieces.

## HAWKS & HANDSAWS

most of them quite short, published in *The New Yorker* between 1927 and 1978.

The man I have to thank for introducing me to E B White is the FT books editor, who stopped by my desk recently, said he had a present for me and handed me the volume. Then he went to lunch.

E B White is brilliant. On March 26 1935, for example, a piece by him "Stock Market Zigzags" appeared in *The New Yorker*. It was very short, so I can quote it almost in full, for its pertinence has not dimmed.

"We don't fully subscribe to the bald statement that confidence in this country's economy can be lost in a day," White started. "There are tangible assets that are not easily wiped out: the soil, the climate, the industrial vigor, the immense spirit of a people who won freedom through revolutionary zeal and are still willing to work for it. And there are intangibles that give the economy fertility and vitality."

"The stock market, which is a sort of cornstock without the horses, does not deserve the wide reputation as a barometer. It sometimes sows the hurricane, instead of reporting the breeze. It is naturally flighty... But what the market does symbolise, in its nervous way, is the health-giving flexibility of capitalism - the trait that keeps our economy delicately balanced but that makes it a far better servant of the people than the state-driven economies that have hardly any elasticity at all."

So far so good. But then White got to the point.

"The other day," he continued, "in San Diego, the American economy even adjusted to springtime work was halted on a 57th building programme to give a dove time to hatch her eggs. Our confidence in a society that observes this sentimental ritual and practices this fiscal folly cannot be toppled in a day. To talk of peace is not enough; we must hatch the eggs of the dove."

And that was it. A pearl, an emerald. Or so I thought at first as the orange glow of sunset streaked the horizon and pelicans wheeled.

But then I thought: what a beautiful sleight-of-hand. Magician-like, White achieves his purpose - a tool for capitalism - by implying that the eggs of the dove are not easily hatched by a capitalist building programme than if threatened by a state-driven one.

Which is nonsense. So far as I know, there is no particular evidence to indicate that market-driven economies, or democracies, are better at protecting the environment, or other species, than state-driven ones.

As a matter of fact, the worst abuses seem to occur when foreign-owned enterprises of a capitalistic nature work hand-in-glove with the corrupt servants of socialist, or centralist, regimes. To see that this is so, all you need do is read Dale Peterson's *The Deluge and the Ark*, an account of the pressures and deprivations facing many of the world's 180 species of primates.

Worldwide, people now consume around 4bn cubic yards of wood annually, enough to build a solid wooden highway to the moon. This is not good for the primates, many of whose habitats are so threatened by the antics of loggers and governments everywhere, and of every political tint, that almost half are declining towards extinction.

My thought for the day: beware of stylish journalism. It can lure you into the swamp.

■ E B White: *Writings from The New Yorker 1927-1978*, Harper-Penguin, £7.99. *The Deluge and the Ark*, Hutchinson Radius, £14.95.

Private View/Christian Tyler

## No black and white answers

"THE CROCODILE does not die under the water so that we can summon the monkey to his funeral." Both animals are African, suggests this Akan proverb from Ghana, but each has very different customs.

So what does "being African" mean? Compare the answer of the Johannesburg housewife and the Hausa chieftain, and discuss.

Or ask the professor from Harvard. He will say there is no African literature, no African culture, no African race, as such. It is not that these phrases are meaningless, but that, being based on tradition, myth or lies, they are usually useless and sometimes dangerous. And the same holds for the rest of humanity.

Nineteenth-century scientific theories which held that race, culture and ability were somehow "in the blood" have been discredited. Yet their influence continues to be felt: in the "multiculturalism" controversy in the US, for example, in the resurgent racism in western Europe, in the nationalist wars in the Balkans and Caucasus.

The Harvard professor is Kwame Anthony Appiah, a philosopher who lectures on Afro-American studies, and who illustrates the absurdity of the cruder categorisations.

He is African: he was born 37 years ago in Ghana. His late father Joe Appiah, a leading lawyer, was a friend and later a critic of Kwame Nkrumah. His uncle, Otumfuo Nana Opoku Ware II, is king of the Asante.

He is also English: his mother Peggy is the daughter of the former Labour Chancellor, Sir Stafford Cripps. During the holidays from his English public school, Bryanston, Appiah would go home to Kumasi in Asante. He also spent a lot of time with his grandmother, Dede Isobel Cripps, in the very English village of Munchingham, Gloucestershire.

In the US, he is black - that is, when he is not white. On his first visit an FBI officer, on learning that he had flown in from London, told him to enter "white" on the form.

He is a Noel Coward fan, which he admits is a bit odd, given Coward's jingoist style. "I suppose I like the funny mixture of reverence for English institutions and taking the mickey," he said. "It's a very English thing."

Appiah's mixed parentage is not his only qualification for exploring the race question. He went to Clare College, Cambridge, as a medical student, studied genetic theory then switched to philosophy, winning a double first and doing his doctorate

in linguistics. The result is his fifth book, a difficult but provocative account of African culture called *In My Father's House*.

I asked him if he ever asked himself what race he was.

"No. Other people have views about it. In America I'm black - that's how race works and I don't let that worry me."

In your book you don't use the word "black" much, I said.

"No, I don't. I don't care too much about the terminology because I think all terminologies are misleading. In a world in which many of us are the products of marriages of people from different places, it makes less and less sense to feel one has to have an answer to that question. I feel very much at home in Gloucestershire, I have to say. I can go to the graveyard in Cirencester and see graves of ancestors of 600 years ago. But I also feel very much at home in Ghana."

What colour would you call yourself?

"A useful term is 'a person of colour'."

But you are just as much white as you are black.

"Yes, I know. But that's not how it works."

The asymmetry is a little unfair, isn't it?

"The asymmetry is tied up with ways of thinking I don't believe in."

Is it offensive?

"It depends who does it, and why. I mean, it's ignorant. But then people are constantly doing things to each other which are ignorant."

Appiah agreed it was inevitable

Harvard philosophy professor Kwame Anthony Appiah is the grandson of Stafford Cripps and the nephew of the Asante king

that at some point he would write a book on the philosophy of race and culture. I asked him whether he had been able to tackle the subject objectively.

"I can't claim to be disinterested. I have a lot at stake. And it's important for people like me to think things through just to protect themselves and those they care about. But if I say something that isn't true or I make a bad argument I want to be corrected."

He said his research had thrown up some surprises: he said he was stunned to discover how large a part race thinking played in the development of literature in the US. Another surprise was how straight-

forward the biological facts were when you studied mankind from the inside instead of the outside.

You claim there is no such thing as race, I said. Doesn't that fly in the face of commonsense?

"Yes it does."

What do you mean by it?

"There are, of course, people who look different from each other - differences in skin colour, hair colour, the shape of the face - their gross morphology. Our modern conception of race was formed by great 19th-century scientists, including

now that's not true. But people don't widely enough appreciate how widely wrong it is. They say 'Well, there are still characters'."

"The fact is if you take a little child from Zaire and bring her up with an Irish-American family in Boston, so far as culture goes - with the exception that she'll have an experience of racism that the other kids in the family won't have - she will be as capable of doing all the things that matter as any other child."

Darwin and the rest might have been right, Appiah said. It was a sensible hypothesis at the time. But like a lot of 19th-century science, it turned out to be wrong.

What people really mean by "race" depends on where they are: they might be talking about differences of colour, culture or just wealth.

"If races were real, the explanation would be the same everywhere, but it isn't. It's rather like witchcraft: some of the things people call witchcraft really do happen, but that's the only explanation I'm not going to give, because I don't believe in witchcraft."

Sociologists used to describe societies with large immigrant populations as "multicultural"; today they prefer "multicultural". The relabeling has not eased the tension either in western Europe or the US.

Appiah thinks the present fashion in the US for each ethnic group to discover a culture for itself and then to assert it politically is misguided - and racist.

"When people said race mattered, they meant Africans couldn't write sonnets or compose chamber music because it wasn't 'in the blood'. Anyone who knows anything knows

about the key things that matter to us and the people - ideas, religions, cultures, family - all turn out not to flow from biology at all."

"When people said race mattered, they meant Africans couldn't write sonnets or compose chamber music because it wasn't 'in the blood'. Anyone who knows anything knows

Despatches/Christina Lamb in Olinda

## The lords of the dance



'Everyone is drinking, dancing and falling in and out of love'

can avoid joining in.

The costumes are homemade and choreography is an unknown word as numerous black groups (dancers and drummers) crowd into the streets for days on end. In the Rio Sambadrome locals are discussing the relative merits of twice champion samba school Mocidade's depiction of dreaming. In Olinda dance organisation reigns. At the town's Four Corners crossroads a parade of clowns and Charlie Chaplins crash into a huge spider on sticks and a group of transvestites doing aerobics.

In spite of its shoestring budget carnival in Olinda is far more picturesque than Rio's more artificial affair. The old colonial town, founded in 1535 and put under a Unesco preservation order, is the perfect setting with its ice-cream pastel painted Baroque architecture, pink stucco houses, numerous palm trees, palaces and churches on a hill overlooking the sea. The winding streets are festooned with paper streamers, lanterns and carnival masks. Everyone is drinking, dancing and falling in and out of love.

Forget about 25 per cent a month inflation and the third year of recession. Ignore the four-figure notes now needed to buy a beer. This is when Brazil comes into its own as what has been described as the last happy nation on earth. Brazilians know how to party better than anyone on the planet and, while the

country's football no longer gives any reason to celebrate, carnival is the perfect excuse to release all the tension in a yearly blow-out.

Brazilians love to tell the tale of an IMF mission arriving during a recent carnival expecting to find the nation in gloom and instead, seeing

all the festivities, thinking they must have got the wrong place. Frivolous it may sound but many sociologists believe the reason that the country with the world's largest income gap and one of the highest inflation rates has not exploded in revolution is this very ability to

reveal at will.

Olinda is the perfect example. While Brazil's south became industrialised and grew rich, the north-east has become synonymous with poverty and backwardness. Its health indicators have earned it the name Brazil's Ethiopia. Its people continue to be exploited by sugar barons. Real income dropped 17 per cent over the last year and the health minister has admitted that there is cholera in the region.

This misery has provided a fertile source for colourful legends and carnival brings this to the fore. Many of the blocos are based on maracatu which mixes religious figures with circus characters. Others are heavy with Indian and African heritage, the dancers clad in paint and feathers. The umbrellas used for balance are thought to be a throwback to the canopies used to transport African kings. Many are dressed as half man half horse, to symbolise Lampan, a local rebel leader, or the colourfully decorated cow Bun Meu Boi. Mingling among it is like being part of a cast for 20 different operas all taking place at the same time.

A more recent addition to the festivities is the "rio elettrico" - flat topped trucks from which bands or speakers blast out frevo music to add to the general frenzy. Even the military police have converted their vehicles for the occasion.

But then it is carnival time and nothing is quite what it seems. The

blochas, women in huge hooped skirts and white embroidered tunics, on closer inspection turn out to be men, betrayed by their hairy legs. In fact many macho males seize the opportunity to put on women's clothing and make-up.

There are always more discoveries to make if one is prepared to venture further underground to the heart of neighbouring Recife. On the Monday night of carnival, in the innermost alleys of the city, one of Brazil's oldest and most traditional parades takes place - the Night of the Silent Drums.

In honour of the dead ancestors, the drums are not silent in spite of the name but are accompanied by religious chanting and the ringing of cowbells.

On the few occasions the locals stop their frenetic activity it is usually for feijoada - a stew of black beans and every conceivable part of pig from trotters to ears. Not for the squeamish, this local dish originated as slave food using parts of the pig that the masters had discarded.

If the hedonism becomes too intense and one can take no more of the rhythms and colours of Brazil, there is the perfect antidote in the form of the nearby beaches on the prison island of Ilamaraca. Lie on the silvery sand of Fort Orange under a tall coconut palm and let small boys cook freshly caught lobster and pour ice-cold beer. For intellectual exercise one can ponder on the strategic logic which prompted the Dutch to position their fort front of a sandbank - making it impossible to view enemy ships entering the bay. I concluded it was a fortuitous decision - had they not done so the Portuguese invasion might not have been successful and we would have been doing clog dances instead of frevo.